

## Selected Economic Highlights for 2009

Dec. 31, 2009

***The Economic Year in Review:*** *Continuing a trend that began early last year, Louisiana's economy in 2009 once again outperformed the South and the nation. Unemployment rates remained well below that of the South and U.S., and employment held relatively stable, down about one percent since January 2008 versus about five percent for the South and U.S. overall. Despite the national recession, business development results for 2009 were even better than in 2008, which itself was an award-winning year. Dozens of companies announced significant expansions or relocations in 2009, kicking off projects that will result in more than 21,000 new jobs, \$2.5 billion in new capital investment, \$53 million per year in new state tax revenues, and billions of dollars in new sales for small businesses. Recent corporate headquarters successes continued, with several expansions as well as new additions to the Fortune 500 and 1000 lists. National rankings improved again, while new programs and policy reforms increased Louisiana's economic competitiveness. Although the nation awaits a significant jobs recovery, Louisiana is well positioned to secure new business investment in 2010 and will experience significant job growth from projects announced in 2008 and 2009. In the year ahead, business retention efforts will remain a top priority for Louisiana Economic Development, which also will expand its focus on cultivating new growth industries.*

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### ***Outperforming the U.S. and the South***

By any reasonable measure, Louisiana's economy has outperformed the South and the U.S. since the beginning of the national recession.

- Louisiana's unemployment rate has remained well below the South and the U.S. every month since the beginning of the national recession. Our state's unemployment rate was 6.7 percent in November 2009, well below the 9.3 percent Southern average and 10.0 percent national average.
- According to Portfolio.com, Louisiana fared second best among all 50 states and the District of Columbia during the recession. The analysis was based on job growth, current unemployment, wage growth, home value growth, construction job growth and income growth.
- Moody's Economy.com, an economic forecasting firm, recently recognized Louisiana as one of only 11 states it says are already recovering from the recession.
- Thanks in large part to Louisiana's economic performance, the U.S. Census indicated that Louisiana experienced its third year in a row of net population in-migration, including over 18,000 more people moving to Louisiana from other states than out of Louisiana from July 2008 to July 2009. In addition, Louisiana's population increased by 0.9 percent, or 40,600 people, over the same time period, the 21<sup>st</sup> fastest growth rate in the nation.
- Mayflower Transit's "2009 Customer Relocation Study" revealed that Louisiana ranked 11<sup>th</sup> best overall when comparing inbound relocations to outbound relocations from January to August 2009, and United Van Lines' 2009 mid-year migration analysis ranked Louisiana sixth best overall and second best in the South when comparing inbound shipments to outbound shipments from January to June 2009.

- Louisiana's real estate markets have remained strong, especially in contrast to those of other states in the South and U.S. In PMI's Market Risk Index for Q3 2009, all of Louisiana's major metropolitan areas have a minimal or low risk of lower home prices over the next two years. In contrast, nearly half of the nation's metropolitan areas are expected to have high or elevated risk of declines.
- FDIC data reveal Louisiana's 158 banks and thrifts reported a 13.6 percent increase in net loans and leases during the recession (through September 2009), compared to the national decline of 7.8 percent. Louisiana's banks also had higher asset growth (13.6 percent versus 1.6 percent) than the U.S during the recession. From Q2 to Q3 2009, Louisiana's net loans and leases rose 0.6 percent, compared to a 3 percent national decline; assets grew by 1.5 percent, while the nation's declined by 0.4 percent.

### ***Moving up in the national rankings of states***

Louisiana traditionally has been listed near the bottom of many significant national rankings, but this trend started to change in a very positive direction in 2008 and continued in 2009. Over the last two years, Louisiana has moved up in almost every major economic and business-climate ranking.

- In July 2009, *Southern Business & Development* magazine named Louisiana "Co-state of the Year," noting that Louisiana attracted more significant business investment and job-creating projects per capita than any other state in the South.
- Comprehensive governmental ethics reforms implemented by Gov. Jindal and the Legislature catapulted Louisiana to first from 44<sup>th</sup> in the country in the Center for Public Integrity's legislative financial disclosure rankings.
- Louisiana finished in the top 25 for the second consecutive year in *Site Selection* magazine's "Top State Business Climate Rankings."
- Louisiana jumped five spots in the *Forbes* ranking of "Best States for Business" to its highest rank ever, and the state ranked eighth best in the country for its growth prospects.
- MainStreet.com's "Happiness Index" ranked Louisiana as the fifth happiest state, thanks to relatively low rates of non-mortgage debt, unemployment and foreclosures.
- Citing effective fiscal management, both Fitch and Standard & Poor's recently upgraded Louisiana's bond rating, and Moody's raised the state's outlook from "stable" to "positive."
- Louisiana moved up to 27<sup>th</sup> from 40<sup>th</sup> over the last year in Pollina Corporate's "Top 10 Pro-Business States" ranking, due in large part to more aggressive business recruitment and marketing efforts.
- Louisiana climbed three spots to 26<sup>th</sup> in 2009 in the Small Business and Entrepreneurship Council's "Business Tax Index."
- Louisiana rose in both sections of the American Legislative Exchange Council's "Laffer State Economic Competitiveness Index." Louisiana rose to 18<sup>th</sup> in 2009 from 21<sup>st</sup> in 2008 (revised rank of 24<sup>th</sup>) for Economic Outlook and rose to 35<sup>th</sup> in 2009 from 43<sup>rd</sup> in 2008 for Economic Performance.
- The Southern Economic Development Council awarded Louisiana the Excellent Award for *Louisiana Economic Quarterly*<sup>®</sup> and two Merit awards for Louisiana's national economic-development print campaigns.

## ***Moving up in the national rankings of cities and regions***

As Louisiana has begun a steady climb up the major national business-climate and economic rankings, so too have its cities and regions, which are garnering more and more positive national attention.

- **Northwest Louisiana.** The Milken Institute ranked Shreveport-Bossier the 24<sup>th</sup> “Best-Performing Large City” in 2009, up from its 2008 rank of 67<sup>th</sup>, and Milken ranked Shreveport-Bossier eighth for high-tech GDP growth. Shreveport also was named by *U.S. News and World Report* as one of the ten “Best Places to Find a Job for 2009,” and NewGeography.com ranked Shreveport-Bossier eighth in its 2009 list of “Best Medium Sized Cities for Jobs.”
- **Northeast Louisiana.** The Milken Institute placed Monroe 18<sup>th</sup> for job growth from March 2008 to March 2009 on its “Best-Performing Cities” ranking. Northeast Louisiana is expected to be the fastest growing region in Louisiana for the next two years, thanks primarily to several major recent economic-development wins that have garnered national attention.
- **Central Region.** *Forbes* ranked Alexandria 24<sup>th</sup> out of 179 communities for the cost of doing business in its 2009 “Best Small Places for Business and Careers” ranking. Alexandria also made huge strides according to the Milken Institute, jumping more than 40 spots to 31<sup>st</sup> place in the 2009 “Best Small City” ranking. The Milken Institute also ranked Alexandria seventh best for one-year job growth and 10<sup>th</sup> for one-year wage and salary growth.
- **Southwest Louisiana.** *BusinessWeek* named Lakes Charles one of “America’s Best Places to Raise Your Kids,” a ranking based on job growth and quality of life factors. *Southern Business & Development* magazine ranked the 1,400-job Shaw Modular Solutions project to build components in Lake Charles for nuclear reactors at No. 4 on its list of “Top 10 Deals.”
- **Acadiana Region.** *Fortune Small Business* ranked Lafayette second out of 20 mid-sized markets in the nation for small business startups. In addition, the Milken Institute ranked Lafayette the ninth “Best Performing Large City,” up from 14<sup>th</sup> in 2008. NewGeography.com and *Forbes* placed Lafayette third in the 2009 ranking of the “Best Mid-sized Cities for Job Growth.”
- **Capital Region.** *Forbes* ranked Baton Rouge 10<sup>th</sup> best on its “America’s Fastest-Recovering Cities” ranking, and the city placed 18<sup>th</sup> on Milken Institute’s “Best-Performing Cities” Index, up from 40<sup>th</sup> in 2008. In addition, the Brookings Institution rated the Baton Rouge area’s economic performance among the 20 strongest in the nation for the third quarter of 2009. *Southern Business & Development* magazine named Baton Rouge “Mid-Market of the Year,” and NewGeography.com and *Forbes* ranked Baton Rouge seventh best in the 2009 list of “Best Mid-sized Cities for Jobs.”
- **Bayou Region.** The Milken Institute ranked the Houma-Thibodaux MSA as the 19<sup>th</sup> “Best-Performing Small City,” and *Southern Business & Development* magazine recognized Terrebonne Parish as one of the South’s top small markets.
- **Southeast Louisiana.** *Southern Business & Development* magazine named New Orleans the “Major Market of the Year.” *Forbes* ranked the New Orleans area eighth in the “Top 10 Cities Where Americans Are Relocating,” and Next Generation Consulting named New Orleans the 10<sup>th</sup> best “Midsize Magnet” for young professionals to live and work. *Fast Company* included New Orleans-based The Receivables Exchange on its list of the eight startups “brimming with hope for the financial industry,” and various publications highlighted the post-Katrina economic renaissance taking place in the New Orleans area.

### ***Bucking national trends: a terrific year for business investment and job creation***

While the nation shed jobs in 2009, dozens of companies said "yes" to Louisiana, committing thousands of new jobs and billions in new capital investment.

- Working with its local and regional partners, LED secured 33 major project wins in 2009, including 23 expansions and 10 new projects. Included were projects in Louisiana's traditional industries, such as oilfield services and petrochemicals, as well as projects in new growth industries, such as advanced manufacturing and pharmaceutical manufacturing.
- Altogether these 33 projects will generate nearly 7,900 retained jobs, more than 8,100 direct new jobs and 21,400 total new jobs (including direct and indirect jobs), as well as \$2.5 billion in new capital investment. The new job totals are nearly 25 percent greater than those announced in 2008.
- Once these projects are fully executed, they will result in billions in new sales for Louisiana small businesses, as well as \$53 million per year in new state tax revenue.
- The totals above exclude the direct support LED provided to thousands of small businesses in 2009, including nearly 1,400 small businesses served by LED's Small and Emerging Business Development Program, nearly 14,000 small businesses and individuals served by the Louisiana Small Business Development Centers Network, or LSBDC, with increased funding support from LED, and nearly 800 small businesses that received business recovery grants and/or loans from LED's Business Recovery Grant and Loan Program. Through November 2009, LED and LSBDC efforts alone generated approximately 2,250 new jobs, 220 new businesses, and approximately \$200 million in capital investment for small businesses.

### ***Reversing a historical trend: creating more corporate headquarters jobs in Louisiana***

Throughout previous decades, Louisiana lost a significant number of its corporate headquarters, but this trend was reversed in 2008 and 2009. Several companies officially opened their new headquarters in Louisiana, while others committed to stay and expand in Louisiana.

- Monroe-based CenturyTel and Kansas-based EMBARQ Corp. merged in 2009, forming the fourth-largest telecommunications company in the U.S., CenturyLink. LED provided incentives to successfully secure the new CenturyLink corporate headquarters in Louisiana, as well as a commitment by the company to add 350 new professional jobs over the next four years. CenturyLink will soon join Entergy and The Shaw Group on the list of Fortune 500 companies headquartered in Louisiana.
- Louisiana's list of Fortune 1000 headquarters recently grew by two: Albemarle Corp. completed the move of its corporate headquarters from Virginia to Louisiana, while Superior Energy Services joined the Fortune 1000 list just this year. Pool Corp. continues as a Louisiana-based Fortune 1000 company.
- Schlumberger announced the expansion and consolidation of its regional business operations into a single oil-field services headquarters in Shreveport. Bringing \$48 million in capital investment, the project will retain 120 jobs and create 400 new jobs.
- Barksdale Air Force Base in Shreveport was selected as the home for the U.S. Air Force Global Strike Command, the new controlling entity of the U.S. Air Force's nuclear bombers and missiles. The announcement means more than 1,000 new direct jobs for the area and thousands of ancillary jobs, most within the next year.

- Bercen Inc., a specialty chemicals manufacturer, officially opened its new corporate headquarters in 2009, as well as its research and development and technical service laboratories, after deciding to relocate from Rhode Island to Louisiana.

### ***Cultivating new growth industries***

LED's top priority is retaining and growing Louisiana's existing companies, yet LED also is focusing significant attention on cultivating new industries that will diversify our economy and accelerate economic growth. This year brought several exciting business development wins in new growth industries, including digital effects, value-added agribusiness, next-generation automotive manufacturing and pharmaceutical manufacturing. Following are a few selected examples.

- V-Vehicle Co., a new American car company, selected Monroe as the site for its first automotive assembly facility, which will build environmentally friendly, high-quality and fuel-efficient cars for the American market. The project is backed by some of today's most successful investors, including Silicon Valley venture capital firm Kleiner Perkins Caufield and Byers and Google Ventures. The project will create approximately 1,400 direct new jobs, as well as a \$248 million capital investment, making V-Vehicle one of Louisiana's top 30 economic-driver firms.
- Ochsner Medical Center announced a partnership with The University of Queensland School of Medicine, which is the first of its kind in the U.S. The partnership will create The University of Queensland School of Medicine Ochsner campus, resulting in an increased enrollment of 240 medical students for the area and a boost for our state's healthcare economy.
- Fortune 500 company ConAgra Foods recently announced it will construct the world's first large-scale processing facility dedicated to producing high-quality, frozen sweet potato products, creating 500 to 600 new direct jobs and up to \$256 million in capital investment.
- Pixel Magic, a California-based digital effects company, announced a new digital media studio at Louisiana Immersive Technologies Enterprise's business accelerator in Lafayette. The company, with prior film credits such as *Marley & Me*, *Get Smart* and *Mr. and Mrs. Smith*, plans to create 40 jobs, strengthening Louisiana's position in the digital media industry.
- Dr. Reddy's Laboratories Ltd., an emerging global pharmaceutical company, will expand its Shreveport operations to support multiple new products. The project will create 73 jobs, retain 161 jobs and provide \$16.5 million in capital investment. The expansion builds upon Shreveport's existing industry strengths in healthcare, biotech and pharmaceutical manufacturing.

### ***Enhancing state economic competitiveness***

Gov. Jindal, the Louisiana Legislature and LED pursued a variety of initiatives in 2009 that have improved Louisiana's economic competitiveness, making our state more attractive for new business investment today and in the future. These initiatives build on reforms adopted in the prior year, including provisions that eliminated the sales tax on manufacturing machinery and equipment, the franchise tax on corporate debt, and the sales tax on natural gas and business utilities.

- Recognizing the importance of maintaining the competitiveness of Louisiana's existing industry base, Gov. Jindal and the Legislature created the Retention and Modernization Act, which will provide refundable tax credits of five percent on expenditures related to qualified modernization projects at

Louisiana business facilities, allocated in equal portions over five years.

- Gov. Jindal and the Legislature eliminated the capital gains tax on the sale of privately held businesses, encouraging successful entrepreneurs to remain in Louisiana as their businesses grow rather than moving to other states, such as Texas or Florida, to avoid onerous capital gains taxes.
- Gov. Jindal and the Legislature also worked together to enhance the competitiveness of Louisiana's Research and Development Tax Credit Program, extending the program through 2014 and doubling its value for small and emerging businesses with fewer than 50 employees.
- Supporting small business development throughout Louisiana, Gov. Jindal and the Legislature eliminated the minimum corporate franchise tax to end an onerous, unnecessary fee for thousands of small businesses across our state.
- Recognizing the importance of small business to Louisiana's economy, Gov. Jindal and the Legislature increased funding for a variety of small business programs by 30 percent, including funding for small business development centers, the Small and Emerging Business Development Program, and business incubators across Louisiana. As a result, approximately 500 additional small businesses are being helped during this fiscal year versus the prior year.
- Gov. Jindal and the Legislature created the Louisiana Innovation Council, or LIC, to shape an innovation-based vision for Louisiana and to coordinate the statewide innovation agenda, including activities related to targeted research investments, technology commercialization, entrepreneurship services, venture capital, and the development of new, high-growth industry segments. Already the LIC is identifying the next growth industries for Louisiana and developing a strategy to further cultivate centers of research excellence in Louisiana.
- Accelerating the development of Louisiana's rapidly growing entertainment industries, Gov. Jindal and the Legislature took action to dramatically enhance the state's tax credit programs for film production and digital-interactive media, significantly increasing the value of the tax credits and making the programs permanent.
- Gov. Jindal and the Legislature worked to support development of port-related infrastructure by establishing a new Ports of Louisiana Investor Tax Credit Program that provides tax credits of five percent per year and up to 100 percent total over 20 years toward the capital costs of certain projects at public ports.
- Recognizing the importance of increasing community competitiveness, LED launched the Louisiana Development Ready Communities pilot program in October 2009. This LED program is enabling 12 communities (Arcadia; Crowley; DeRidder; Houma; Jena; Mansfield with Grand Cane, Logansport and Stonewall; New Iberia; Pineville; Slidell; Vivian; West Monroe; and Zachary) to complete an intensive six-month process to position themselves to more effectively compete with out-of-state communities for good jobs and business investment.
- Entering year two of implementing Gov. Jindal's workforce development reform plan, LED completed a full launch of Louisiana FastStart™. Building on the expertise of national-caliber corporate training experts recruited from around the country, Louisiana FastStart quickly developed a reputation as a first-class workforce solutions provider, receiving positive news coverage in regional, national, and international publications. Louisiana FastStart is executing over a dozen pilot projects – already more than 11,000 hours of training have been delivered to over 1,000 trainees around Louisiana – and will shift into full operations in 2010.

- Recognizing the importance of Louisiana's existing businesses and industries, LED fully staffed and launched its Business Expansion and Retention Group, or BERG, in 2009. During BERG's first year of operation, it partnered with local and regional economic development allies to visit nearly 500 companies, and secured a variety of significant retention and expansion wins, including the relocation of pump and compressor manufacturing operations from Wisconsin to Louisiana of Gardner Denver, a Fortune 1000 company.

### ***The year ahead: maintaining Louisiana's economic outperformance***

Although the national recession and tight credit markets dramatically reduced the nation's pipeline of new business prospects in 2009, Louisiana nevertheless is well positioned to secure significant new business investment in the year ahead, and LED is pursuing targeted initiatives to increase Louisiana's economic competitiveness, retain Louisiana's existing economic-driver firms, support small business development, and cultivate new growth industries.

While further developing LED's recently launched priority initiatives (e.g., Louisiana FastStart, BERG, State Economic Competitiveness Group, Louisiana Development-Ready Communities Program), LED's signature initiative in 2010 will be to finalize and begin aggressive execution of a new Blue Ocean target industry initiative, the ultimate goal of which is to position Louisiana to grow jobs at a rate faster than the South and the U.S. on a regular basis. The Blue Ocean initiative is a strategy project designed to: (a) identify the state's best narrowly defined growth industries of the future (industries with significant growth potential in which no states have yet cemented a commanding leadership position); and (b) develop and execute action plans to cultivate each of these sectors. Preliminary state targets include the following industry segments:

- Digital media / software development (including selected segments within healthcare IT, education IT, video-game development, and possibly eReaders)
- Next-generation automotive manufacturing (e.g., electric vehicles, composites manufacturing)
- Specialty healthcare (medical corridor(s), obesity/diabetes research and treatment, pharmaceutical manufacturing)
- Renewables and energy efficiency (green building/manufacturing, hydropower, algae-based energy production, nuclear power module manufacturing)
- Water management (developing a world-class water-management industry – Netherlands of the U.S.)
- Next wave oil & gas (ultra deep water oil, unconventional natural gas, enhanced oil recovery)

While economic indicators in the U.S. recently have shown signs of improvement, a robust national jobs recovery is still in development. Gov. Jindal, the Legislature, and LED will continue working together with our state's business community to ensure Louisiana again outperforms the South and the U.S. in 2010.

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