



LOUISIANA HOSPITAL ASSOCIATION

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October 16, 2009

The Honorable Bobby Jindal
Governor, State of Louisiana
Board of Commerce and Industry
P.O. Box 94004
Baton Rouge, LA 70804

Re: Enterprise Zone Incentive Program

Dear Governor Jindal,

The Louisiana Economic Development (LED) is proposing major changes to Louisiana's established incentive programs: Enterprise Zone, Quality Jobs, and Industrial Tax Exemption. These changes create a significant disincentive for existing businesses to expand in Louisiana, and they also negatively impact Louisiana's ability to attract new businesses.

Over the past few years, the legislature has passed several bills to improve the programs and to create a more business-friendly environment; however, the changes drafted by the LED would severely restrict the use of the programs. Additionally, we believe the proposed changes are so significant from what presently exists that they would require legislation to be implemented.

Of the three incentive programs, the Enterprise Zone appears to have the most significant proposed changes. The items summarized below would restrict the use of this program:

1. Historically, the Enterprise Zone has been administered on a "site specific" basis. However, the proposed changes would require a business that plans to use the program to combine all of its locations and all of its affiliate locations across the state in order to determine its baseline. By excluding the "site specific" basis, businesses will lose the flexibility and incentive to create jobs based on market conditions by region.
2. The proposed "Claw Back" provisions are so restrictive that most companies would be less likely to apply for the program. Forcing companies to repay benefits earned and received if their net new jobs are not maintained for three years "after creation" and their "baseline" is not maintained for five years does not incentivize companies to take a risk and expand their investment. Also, because of the changes noted in #1, the calculation of new jobs and baseline would include all locations and all affiliates across the state. Therefore, if a business had a decrease in its first location, then the proposed changes could force the company's second location to repay benefits that they had already earned and received.

3. Currently, the baseline is simply the number of employees the company has at the start of the incentive contract. The proposed rule states that the baseline is the highest number of jobs statewide for businesses and their affiliates on any day during the 45 day period prior to the contract start date. So for each individual day in the 45 day period, a company would have to add total employees at each location and also all affiliates to determine which day had the highest number of employees.
4. A proposed rule would also create a discretionary eligibility section where the recommendation of the Secretary of LED would be required before the Commerce & Industry Board would review and approve eligibility. This program should remain strictly statutory so that businesses understand what they must do in order to qualify and what their benefits will be once they do qualify.

Economic development is a cornerstone to the growth of our state. To put significant restrictions on programs that are already in place and understood by the business community sends the wrong message. These changes were developed without the collaboration of representatives from local business communities and local economic development districts.

Hospitals are collectively the largest employer in Louisiana with over 100,000 employees. On behalf of our 150 member hospitals, we strongly urge you to reject the regulations being proposed by LED on October 21, 2009.

Thank you for your consideration.

Patricia "Tatsy" Jeter, CPA, FACHE
Senior Vice President & Chief Financial Officer
Louisiana Hospital Association