



Selected Economic Highlights for 2008

The Economic Year in Review: Louisiana ends 2008 with a record year for economic development despite enduring an ongoing national recession. Job growth was higher and unemployment was lower than the South and the U.S., which together led to a positive year for population growth and in-migration. Dozens of companies announced expansions in or relocations to Louisiana, kicking off projects that will result in over 17,000 new jobs, \$2.5 billion in new capital investment, \$45 million per year in new state tax revenues, and billions of dollars in new sales for small businesses. Reversing a longstanding trend, several corporate headquarters relocated to Louisiana while others committed to grow here for years to come. Louisiana's entertainment industry continued to thrive and diversify. Louisiana improved its position in numerous national rankings while Gov. Bobby Jindal and the Legislature implemented significant policy changes to position Louisiana for a brighter economic future. Although the national recession will continue well into 2009, Louisiana 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 and cultivate new growth industries.

Outperforming the U.S. and the South

Louisiana's economic performance was strong in 2008, despite the national slowdown. In fact, by any reasonable measure, Louisiana's economy outperformed that of the nation and the South virtually every month this year. Moreover, thanks to its relatively strong economy in 2008, Louisiana began to reverse decades of negative population trends.

- From December 2007 through November 2008 (latest available month), Louisiana's total nonfarm employment grew by 6,800 jobs to 1,947,600 jobs – an increase of 0.4 percent, which was greater than the rest of the South (decrease of 0.7 percent) and the U.S. overall (decrease of 1.4 percent).
- While the U.S. economy lost jobs in each of the first 11 months of this year, Louisiana gained jobs in eight of those 11 months. In fact, Louisiana only had one significant monthly decline, which occurred in September as a result of hurricanes Gustav and Ike.
- Louisiana's unemployment rate has remained well below the South and the U.S. every month this year. In November 2008 (latest available month), unemployment in Louisiana actually declined to 5.3 percent while it increased to 6.7 percent nationally.
- Despite the national real estate crunch, Louisiana's real estate markets have held up well. While sales volumes and new housing starts have slowed significantly, our state has not experienced the kinds of real estate price declines that have plagued so much of the country. Moreover, according to PMI Mortgage Insurance Co.'s recently released U.S. Market Risk Index, all of Louisiana's metro-area housing markets have a minimal risk of a drop in housing prices through the second quarter of 2010. PMI's perspective considers a variety of factors, including employment levels, affordability, housing supply and foreclosure activity.
- While some of our country's top banks have been under significant strain, Louisiana's banking sector remains as healthy as it was before hurricanes Katrina and Rita, and our banks continue to make loans.



- According to *BusinessWeek*, our most populous metropolitan areas, New Orleans and Baton Rouge, are among the safest cities in America in which to ride out the recession.
- Thanks in large part to these positive economic trends, the U.S. Census indicated that Louisiana experienced its second year in a row of population in-migration, including over 13,500 more people moving to Louisiana from other states than out of Louisiana from July 2007 to July 2008.
- Louisiana's population increased by nearly 37,500 from July 2007 through July 2008 (latest available data), an increase of 0.9 percent (23rd fastest growth rate among 50 states).

Moving up in the national rankings

Louisiana has perennially been listed at the bottom of many significant national rankings, but this trend started to change in a very positive direction in 2008.

- Comprehensive governmental ethics reforms implemented by Gov. Jindal and the Legislature catapulted Louisiana to fifth from 46th in the country in the Better Government Association's 2008 Integrity Index, which is the most comprehensive national ranking of state governmental ethics and transparency laws.
- Louisiana improved to No. 22 (2008) from not being ranked in the top 25 (2007) in *Site Selection* magazine's Top State Business Climate Rankings.
- Reflecting Louisiana's recent and expected future economic performance, *Forbes* magazine increased Louisiana's 2008 growth-prospects ranking to 17th from 45th (2007) among 50 states.
- Louisiana improved to No. 43 (2008) from No. 47 (2007) in CNBC's rankings of America's Top States for Business.
- Louisiana improved to No. 41 (2008) from No. 44 (2007) in The 2008 State New Economy Index published jointly by The Information Technology & Innovation Foundation (ITIF) and the Kauffman Foundation.
- For the first time, *U.S. News & World Report* ranked Louisiana State University (LSU) in the top tier of its America's Best Colleges list.
- Citing effective fiscal management, three major credit rating agencies – Moody's, Standard & Poor's and Fitch – upgraded Louisiana's bond ratings in 2008.
- Manpower Inc. ranked three of Louisiana's regions in the top 10 nationally for hiring projections for early 2009. Lafayette was first in the nation, ahead of every other metropolitan area in the country. New Orleans came in sixth and Shreveport/Bossier ranked eighth.
- Industrial Info Resources ranked Louisiana second behind only Texas for the number of significant industrial projects expected to begin in 2009.
- Louisiana also achieved improved 2008 national rankings in the Tax Foundation's State Business Tax Climate Index, Pacific Research Institute's U.S. Economic Freedom Index, Small Business &

Entrepreneurship Council's Small Business Survival Index and the Beacon Hill Institute's Annual State Competitiveness Report.

Despite the national slowdown, a terrific year for business investment and job creation

While the nation was shedding jobs every month in 2008, 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 34 major project wins in 2008, including 24 company expansions and 10 new organizations. Included were projects in Louisiana's traditional industries like agriculture, shipbuilding and petrochemicals, as well as projects in newer growth industries like nuclear energy, digital media and alternative energy.
- Altogether these 34 projects will generate 10,005 retained jobs, 6,241 new direct jobs and 17,249 total new jobs (including direct and indirect jobs), as well as \$2.5 billion in new capital investment.
- Once these projects are fully executed, they will result in billions in sales for small businesses, as well as \$45 million per year in new state tax revenue.
- The totals above exclude the direct support LED provided to thousands of small businesses in 2008, including hundreds of small businesses served by LED's Small and Emerging Business Development Program, thousands of small businesses served by the Louisiana Small Business Development Centers (SBDCs) with funding support from LED, and hundreds of small businesses that received business recovery grants and/or loans from LED's Business Recovery Grant and Loan Program. Through November 2008, LED and SBDC efforts alone generated 1,017 new small-business jobs, more than 200 new businesses and \$45.3 million in capital investment for small businesses.

Reversing the historical trend: bringing corporate headquarters to Louisiana

Over the last few decades, Louisiana lost a significant number of its corporate headquarters, but 2008 provided evidence that this trend is shifting back in the state's favor. Several companies decided to move their headquarters to Louisiana while others committed to expand in Louisiana, in the process creating the state's fifth *Fortune* 1000 headquarters and third *Fortune* 500 headquarters.

- Citing confidence in Louisiana's recent reforms, Albemarle Corporation, a *Fortune* 1000 company, announced its plans to move its corporate headquarters from Richmond, Va., to Louisiana. Albemarle's move created Louisiana's fifth *Fortune* 1000 headquarters, including CenturyTel, Entergy, Pool Corporation, and The Shaw Group.
- Bercen Inc., a specialty chemicals manufacturer, relocated its corporate headquarters, as well as its research and development and technical service laboratories, from Cranston, R.I., to Louisiana.
- Horizon Entertainment, a television and film production company, moved its headquarters from Atlanta to New Orleans.



- These three headquarters moves will offer jobs with salaries averaging over \$100,000 per year, plus benefits.
- Monroe-based CenturyTel and Kansas-based EMBARQ Corp. agreed to merge in 2009, and announced that the headquarters of the combined entity would remain in Monroe. This merger will form Louisiana's third *Fortune* 500 company, including Entergy and The Shaw Group.
- The Shaw Group announced plans to keep its *Fortune* 500 corporate headquarters in Louisiana for at least 15 more years and to grow its professional, non-craft headcount by 1,500 new jobs, an increase of roughly 75 percent.

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 sustain our recent growth and diversify our economy. This year brought several exciting business development wins in new growth industries, including digital media, nuclear energy, value-added agribusiness and alternative energy. Following are a few selected examples.

- Westinghouse and The Shaw Group announced a joint venture to build the nation's first nuclear module fabrication and assembly facility in Lake Charles, generating over 1,400 new jobs and over \$100 million in capital investment. This new venture places Louisiana at the forefront of the global nuclear renaissance.
- Electronic Arts (EA), the world's leading interactive entertainment software company, announced that it will place its new global quality assurance center in Baton Rouge, creating roughly \$6 million per year in new payroll, as well as placing Louisiana in a leadership role in the rapidly growing digital media industry.
- Zagis USA LLC announced plans to construct two cotton spinning facilities in Louisiana, which together will create 160 new jobs and \$75 million in new capital investment. Historically Louisiana has shipped its cotton crop out of state to be processed. The Zagis USA projects will ensure that up to 15 percent to 20 percent of Louisiana's cotton crop is processed right here in Louisiana.
- Tyson Foods and Syntroleum Corporation broke ground on a new joint-venture project that will create high-quality diesel fuel from animal fats, a project that will generate 45 high-paying jobs and nearly \$140 million in capital investment.

A record-setting year for entertainment

Enjoying a record-breaking year, Louisiana's entertainment industry thrived in 2008. Today, Louisiana's film industry is the largest in the country outside of California and New York.

- In 2008, Louisiana set a production record with over 80 major film and television projects, representing over \$800 million in production budgets, including approximately \$500 million spent in state.
- Louisiana successfully recruited several film and TV production companies including Horizon Entertainment from Atlanta and two companies from Los Angeles, Bullet Films and Sweet Post.



- Over 20 digital media projects have applied for Louisiana's relatively new digital media tax credit program, representing almost \$60 million of investment based on estimated production budgets.

Major advances in state economic competitiveness

Gov. Jindal, the Legislature and LED pursued a variety of initiatives in 2008 that have improved Louisiana's economic competitiveness, making our state more attractive for new business investment today and in the future.

- Reversing long-term historical images of our state, Gov. Jindal and the Legislature passed comprehensive governmental ethics reforms that moved Louisiana into a national leadership position. These reforms directly addressed one of the top two obstacles to new business investment in Louisiana identified in a national survey of business executives conducted by LSU.
- Gov. Jindal and the Legislature eliminated several unconventional business taxes, including the sales tax on manufacturing machinery and equipment, the franchise tax on corporate debt and the sales tax on natural gas and business utilities. They also implemented the largest personal income tax cut in state history.
- Working with the business community and labor, Gov. Jindal and the Legislature passed a comprehensive workforce development reform plan, which is beginning to address one of the top obstacles to business development in Louisiana.
- LED launched the Louisiana FastStart program, a turnkey workforce solution for relocating and expanding businesses that will provide customized employee recruitment, screening, and training services. Jeff Lynn, a top leader in Georgia's No.1-ranked Quick Start program, was recruited to lead the Louisiana FastStart program.
- LED created a new State Economic Competitiveness (SEC) Group to address one of Gov. Jindal's top priorities – increasing Louisiana's economic competitiveness. The new SEC Group will identify and prioritize opportunities to improve Louisiana's tax and regulatory climate and increase Louisiana's national business-climate rankings.
- LED established a new Business Retention and Expansion (BRE) Group to focus special attention on retaining and growing Louisiana's existing business and industry.
- To help communities throughout the state become more competitive, LED launched a first-in-the-nation, Web-based suite of community education modules. LouisianaCommunityNetwork.com is an online resource offering customizable modules for communities to increase their economic development capacity at the local level. The program already has won a major national award.

The year ahead: maintaining momentum in a difficult national economic environment

Although the national recession will continue well into 2009, Louisiana 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 and cultivate new growth industries.



- Although Louisiana's economy has outperformed the nation and the South during 2008, our economic performance in the year ahead will be greatly impacted by the price of oil. If oil stays around its current level or below for an extended period, our state's economic performance may begin to more closely track that of the country overall, as lower oil prices would offset strengths elsewhere in our economy.
- Although the national recession has dramatically reduced the pipeline of new business prospects nationally, LED will begin 2009 in the finals for several exciting business development projects.
- Thanks to Louisiana's recent policy reforms and economic performance, our state's position will improve on several major national rankings in 2009.
- In the year ahead, LED will accelerate its move toward becoming one of the very best state economic development agencies in the country within three years. Louisiana FastStart will be fully up and running by the end of 2009. LED's BRE Group will aggressively work to retain Louisiana's existing economic-driver companies that have been negatively impacted by the national recession. And LED's new SEC Group will chart an economic turnaround strategy for Louisiana.
- LED will pursue several targeted economic strategy projects, including a major initiative to identify and cultivate new growth industries, another to develop a strategy to maximize Louisiana's economic opportunities related to the upcoming expansion of the Panama Canal, and completion of a multiple-year plan to make Louisiana one of the best places in the country in which to start and grow a small business.
- LED will work with the state's higher education community and economic development leaders to develop an innovation agenda for the next few years.
- LED will launch a national marketing campaign to communicate all of the positive economic changes that are happening in the state. The first part of this program will be the launch of a new magazine, *Louisiana Economic Quarterly (EQ)*, in January 2009.

With the national recession continuing well into 2009, LED's leadership role in business retention, expansion and attraction, as well as improving Louisiana's state economic competitiveness, has never been more important.
