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Testimony Before the Subcommittee on Oversight
of the House Committee on Ways and Means

Hearing on Tax Incentives for Renewal Communities

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Good afternoon, Mr. Chairman Houghton and members of the Committee. My name is Eric Johnson. I am Director of Economic Development Grant Services for the Louisiana Department of Economic Development. It is a pleasure to appear before the Committee today to discuss the Renewal Community (RC) Initiative in Louisiana. My objective here today is to explain how the Louisiana RC Initiative got started. I will provide you with a brief description of the RC's, their current status, how the RC's are tied into the state's long range economic development plan, and where we go from here.

Through a coordinated effort of the Governor's Office, multiple local governments, state agencies and community and economic development stakeholders across the state, six Renewal Community applications were prepared and submitted to the U.S. Department of Housing and Urban Development for the RC designation. The challenge in submitting six applications were to coordinate the multiple governmental and community entities that existed in the six areas. The process was started by first identifying the pockets around the state with the most entrenched poverty. Some of these areas had poverty rates as high as 90%.

Six regions were identified and a staff member within the Governor's Office was assigned to coordinate each region. Through this process local meetings were held throughout the state and a local lead entity was identified and local consensus was achieved. A course of action was established and an application was compiled. The overall objective in the Louisiana Renewal Community application process was to include as many contiguous distressed census tracts in the RC area so that the benefits of the RC initiative would cover as large an area as possible.

The regions of the state represented in this process that submitted applications were in the following four rural areas:

- North Louisiana included 15 parishes with a population of 199,000, a poverty rate of 33% and an unemployment rate of 12%.
- Central Louisiana included 11 parishes with a population of 192,000, a poverty rate of 34% and an unemployment rate of 13%.
- South Central Louisiana included 8 parishes, a population of 195,000, and a poverty rate of 32% and an unemployment rate of 12%.
- Southeast Louisiana included 15 parishes, a population of 199,000, a poverty rate of 38%, and an unemployment rate of 13%.

Two urban applications included:

- A portion of Orleans and Jefferson Parish (which was comprised of seven census tracts in the center of the city of New Orleans and on the edge of Jefferson Parish). This area has a poverty rate of 54%, a population of 26,000, and an unemployment rate of 18%.
- Quachita Parish (which was comprised of 15 census tracts representing four different local

governments. The population of the application area is 43,000 with a poverty rate of 50%, and an unemployment rate of 18%.

Of these six severely distressed areas of the state, North Louisiana and Central Louisiana was chosen as two rural Renewal Communities and Orleans/Jefferson and Ouachita Parish were selected as two urban RC communities. In total, the four designations are comprised of 29 of Louisiana's 64 parishes, include 460,452 people, have an average unemployment rate of 15%, and have an average poverty rate of 43%.

Currently the four RCs have developed their Coordinating Responsible Authorities (CoRAs), have begun developing tax utilization plans, and are currently developing a standardized form. This form will be used by the CoRAs in all four RCs for potential businesses looking to locate and/or expand their businesses in the RC area and take advantage of the tax incentives. More importantly, the four RCs are coordinating their strategies and tying into the state's long range strategic plan for economic development, *Louisiana: Vision 2020*.

The State's new strategic plan, *Louisiana: Vision 2020* is a challenge to create a better Louisiana and a guide to economic renewal and diversification. *Vision 2020* is built around a vision of Louisiana as a place (18 years from now) with a vibrant, balanced economy, a well-educated workforce, with a quality of life that places it among the top ten states in the nation in which to live, work, visit and do business. To make this vision a reality, the Louisiana Department of Economic Development (LED) has adopted economic clustering as an economic development strategy statewide. In partnering with LED, the RC communities' CoRAs will work to coordinate business attraction efforts and will focus their efforts on growing and expanding businesses that are specifically a part of the nine targeted industry clusters in which the state has identified to grow and expand the economy in Louisiana. The overall strategy is to attract value added jobs to the RC regions that will pay wages that can help lift families out of poverty. This will be accomplished by the CoRAs and LED cluster directors and regional representatives working in tandem to attract, market, and educate both existing and potential industry about the benefits of the RC community.

The RC initiative is already proving to be a valuable tool for Louisiana. For example, a building trust manufacturer with 30 new jobs has decided to locate in the Northern RC. Also, a cut and sew manufacturer of athletic apparel, with 20 jobs, has committed to locating in the Northern RC. LED is also using the RC tool in discussions with bio tech companies in the New Orleans area, and a port development company in North Louisiana to spur job creation and reduce poverty. Both, if successful, will bring jobs to the RC community and reduce poverty. Moreover, the number of hits to the **renewallouisiana.com** web site furthermore supports the interest in this initiative. This site has been visited over 60,000 times with each visit lasting over 14 minutes.

Louisiana is very grateful to have been the recipient of four RC designations. However, many areas of the state were not successful in either the RC or EC applications. Should Congress create additional Renewal Communities, these areas would benefit greatly.

The State of Louisiana looks forward to partnering with community leaders, economic development organizations, businesses, and federal and local government officials to make this program a success.

Thank You.