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LEGISLATIVE SESSION



A Review of the Effects of Economic Development Efforts in the Capital Region

In June the 2011 Legislative Session came to a close, the Baton Rouge Area Chamber (BRAC) released an analysis of the results and its effects on economic development in the nine-parish Capital Region. The top priorities advocated for by BRAC's legislative agenda were higher education reform, business incentive renewals and enhancements, business partnerships with the state's public education system, and incentives for enhancing passenger air service.

“While there were a few bright spots in the 2011 legislative session such as the restatement of the angel investor program and the enhancement of the digital media tax credit, the session proved to be extremely underwhelming,” stated Adam Knapp, BRAC’s President and CEO.

Despite several setbacks, the session produced some positive outcomes that will be advantageous to the Baton Rouge area. These include:

Higher education reform:

BRAC views higher education as an area that is fundamental for the regions’ long-term growth. Knapp comments, “In regards to higher education, it was disappointing to see a lack of support from our regional delegation and the legislature for positive financial reforms that would have better funded our state research universities, like LSU. Although there were no massive projected cuts to university funding, they missed the opportunity of a budget crisis to make the hard decisions on more long-term financing solutions.” The legislature passed LA GRAD Act 2.0, which strengthened the LA GRAD Act that was put into place in 2010. This legislation grants autonomies in purchasing, personnel, facilities, and investment to postsecondary education management boards and offers campuses more management flexibility. Additionally, a uniform system of tuition and fee charges for the Louisiana Community and Technical College System (LCTCS) was created through House Bill 526. This allows LCTCS to require a uniform schedule of tuition and fee charges on a per-credit-hour basis for all two-year institutions in the state.

Innovation agenda:

The reinstatement of the Angel Investor Tax Credit Program was a bright spot in BRAC’s 2011 legislative agenda. The program, which reinstated the program in place from 2005 to 2009, offers a 35 percent transferable tax credit to angel investors. This incentive encourages high-net-worth individuals to make “angel” investments in startup companies that typically have trouble accessing capital. This was a BRAC-supported initiative, in conjunction with Greater New Orleans, Inc. (GNO, Inc.).



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Economic competitiveness:

Several important gains were made in the area of economic competitiveness. The Digital Interactive Media Incentive Program converted the current incentive, which provides \$6 million in tax credits that generate \$41 million in state revenues, from a transferable tax credit to a refundable tax credit, while allowing companies to choose a rebate option equal to 85 percent of the face value of the credit. Additionally, the Research and Development Tax Credit and the Technology Commercialization Tax Credit were continued for the next six years and the Quality Jobs Program was enhanced. These programs are a vital part of recruiting and business expansion throughout the state.

K-12 reform:

A significant gain was made in the public education system through House Bill 421, which promotes corporations to become partners with area charter schools and can notably improve the level of education the school is able to provide. By partnering with a school through land, school building or space donation, a major renovation project, or capital improvement in areas such as technology, the school is able to implement an enrollment preference of up to 50 percent for children of permanent employees of the corporate partner.

Despite the handful of major achievements in economic development, and some other small wins, there were several missed opportunities during the session in areas of higher education, air services, and funding for Pennington Biomedical Research Center and the LSU South Campus. The session results are summarized in an issue brief, which can be viewed in its entirety at www.brac.org/research. ✨