

## Louisiana Legislative Outlook: The Difference a Pro-Business Governor Can Make

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Winter 2009

Last year was a threshold year for businesses in the state of Louisiana. With the support of Louisiana's new pro-business Gov. Bobby Jindal, the Louisiana Association of Business Interests (LABI) was successful in passing and/or supporting key pieces of legislation which should ultimately be friendly to both large and small businesses. Governor Jindal is the youngest Louisiana governor to have served the State. He has proven to be extremely conservative and has pursued a classically Republican agenda: promoting free market endeavors, lowering business taxes while refraining from proposing new taxes, keeping government small, and focusing on improving education, healthcare and infrastructure. Does this sound too good to be true? Business interests operating around the State have been pleased to note that the new Governor began initiating his business-friendly objectives in earnest in both of the 2008 legislative sessions.

In the first special session, Gov. Jindal clarified an existing law which could have forced small business owners or managers to register as lobbyists if they contacted legislators to advocate a position for or against legislation impacting their businesses. The second special session was devoted to removing or accelerating removal of some business taxes that were impediments to economic development in Louisiana, including a reduction in the state sales tax on business utilities. Other bills were introduced (and enjoyed easy passage) finalizing the phase-out of the debt portion of the franchise tax and the state sales tax on machinery and equipment – one year sooner than under legislation passed in prior sessions.

After the special sessions, Gov. Jindal began taking steps toward revitalizing workforce development in the State, with the stated goal of increasing the pool of trained workers for existing jobs. The result was a new act that streamlines, revamps and reconstitutes the Louisiana Department of Labor (which will now be called the Louisiana Workforce Commission) and gives employers a much greater role in determining how programs and dollars address workforce needs in Louisiana. Resources, money and authority will be pushed down to the local level where Workforce Investment Boards (WIB), controlled by an employer majority, will design strategies to fill the quality jobs in their areas.

The Governor found many allies in the State Legislature including then Senator Steve Scalise (now Congressman Scalise) who was instrumental in getting a bill passed which called for a 10% tax reduction for employers and a 10% benefit increase for the unemployed beginning January 1, 2009. This tax reduction represents close to \$20 million in annual savings to Louisiana employers.

As 2008 drew to a close, Gov. Jindal along with Department of Health and Hospitals Secretary Alan Levine worked hard to sell the healthcare initiative that the Governor is promoting. The program called Louisiana Health First, is in essence, an attempt to allow the Medicaid program to be privately managed. The potential upside for the State is two fold: first, the state would no longer have to manage the program and would shift these duties to healthcare professionals; and, secondly, it would allow Medicaid to offer more services with the money it saves by the efficiency created through privatization. Ultimately, the goal is to help the state leverage its tax dollars by spending those dollars more wisely. This legislation will face many obstacles, including funding and the unknown factor of how well the program will be received by President Obama and his administration.

Speaking of President Obama, another major challenge for the State this year will be how well Louisiana fares in the Obama economic package. Louisiana is certainly prepared for a number of shovel ready programs, including Department of Transportation road and infrastructure priorities, sewage and drainage projects, and the critical needs of the Port of New Orleans and other matters. It remains to be seen how well our Republican Governor will fare with the new Democratic President. However, it will be critical for the "crown princes" of both political parties to form political alliances across party lines to get anything done in Congress or locally.

There is reason for optimism on this point. After the election, President-elect Obama called a meeting with all fifty governors. After the meeting, Gov. Jindal sang Obama's praises for reaching out to the governors and showing a genuine interest in their concerns. Obama has also taken the unprecedented step of meeting with and seeking the advice of his former opponent, Senator John McCain, as well as other Republican leaders.

On a less optimistic note, however, as pointed out by a recent article in Political Facts Weekly (PFW), the high hopes harbored by many Louisianians for a federal bailout will most likely be ignored. The difference this time is that all of the states are in the same boat that Washington can't sink. Whatever is in the stimulus package may be all that Louisiana gets during this Congressional session. The new administration received only 39 percent voter support for the new president and has a 6 to 1 Republican split in the House.

It will be interesting to watch how all of this comes to pass, now that President Obama is in office. Nevertheless, the groundwork has been laid for "change," and the hard work begins. We are all grappling with some serious questions about how the economy affects our lives and businesses.