Louisiana Department of Economic Development - Enterprise Zone Program

April 2012 Audit Control # 40100034

Report Highlights

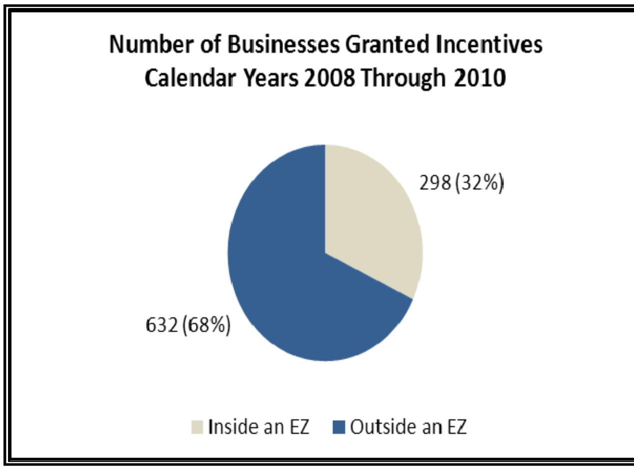
Why We Conducted This Audit

We conducted this audit to determine if the Enterprise Zone (EZ) program is meeting its statutory purpose of stimulating business and industrial growth in enterprise zones, defined as an increase in the amount of capital investment and net new jobs. We also determined how Louisiana's EZ program differs from those in other competing, neighboring states (Alabama, Arkansas, Mississippi, and Texas).

What We Found

While the EZ program stimulated some growth in enterprise zones during calendar years 2008 through 2010, we found:

- Approximately 632 (68%) of the 930 businesses that received EZ program incentives were located *outside* of a designated enterprise zone. These businesses received approximately $123.9 million (61%) of the $203.1 million in total EZ program incentives granted during this time period.
- Approximately $3.9 billion (60%) of the $6.5 billion in capital investment by businesses that were granted EZ program incentives was located *outside* of a designated enterprise zone.
- Approximately 12,570 (75%) of the 16,760 net new jobs created by businesses granted EZ program incentives were located *outside* of an enterprise zone.



We identified the following ways in which Louisiana's EZ program differs significantly from those in competing, neighboring states (Alabama, Arkansas, Mississippi, and Texas).

- Two out of four competing states (Alabama and Mississippi) require businesses to be located in an enterprise zone in order to receive EZ program incentives.
- All four competing, neighboring states exclude retail industries, where jobs easily transfer or shift from one business to another, from claiming EZ program incentives.
- None of the four competing, neighboring states allows businesses to include part-time employees, whose jobs provide a smaller economic impact to the state, when qualifying for EZ program incentives.
- Three out of the four competing, neighboring states (Alabama, Arkansas, and Texas) require companies to prove the creation of net new jobs before the business can receive any EZ program incentives. In Louisiana, businesses have up to two years to create the required minimum net new jobs.
- Texas shares with the public both the names of businesses that participate in the program and the amounts of incentives each individual business receives. Louisiana state law prohibits disclosure of the amount of incentives received by each business.

View the full report at lla.la.gov
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