**Long Term Recovery Loan Program ($100 million)**

Louisiana's Bridge Loan Program has committed $40 million in bridge loans to companies in the impacted areas. An additional $70 million in bridge loans will be available in the next one to two months. Companies in the impacted areas now need longer term loans to sustain them through the next 10 years.

The proposed Long Term Recovery Loan Program would commit $100 million to leverage approximately $550,000,000. Loans will be available to firms that were in business for at least one year prior to storm, are located in and plan to stay in the impacted areas, and sustained a physical or economic loss due the hurricanes.

Local banks will be used to underwrite and approve all loans. The program will guarantee 80 percent of any losses sustained by the bank. The maximum amount per loan is $1.5 million. The interest rate will be Prime (New York Prime) to the borrower, and the State will subsidize the bank up to 3 percent over prime only for the first year. Dollar for dollar collateral is required, with second mortgages accepted. The term of the loan will not exceed the useful life of the collateral or 10 years.

Funds can be used for fixed assets (real estate, buildings) and equipment located in the impacted area and for working capital. They may also be used to pay off bridge loans.

There is no equity requirement; however, there must be a positive tangible net worth position pre-hurricane.

**Tourism Marketing Program ($30 million)**

The Louisiana Department of Culture, Recreation and Tourism has developed an aggressive advertising and marketing program to help bring the tourism industry back to life in Louisiana as expeditiously as possible. In 2004, the state of Louisiana hosted 24.6 million visitors, of which 76 percent were from outside of the state. Out-of-state tourists come to Louisiana as a result of marketing and promotion of Louisiana's many cultural and natural assets, family recreation destinations and various special events Louisiana hosts each year.

Those 24.6 million visitors spent $9.9 billion in the state and contributed $600 million in state and local tax revenues. The tourism and cultural industries combined sustain 260,000 jobs for Louisiana residents. Prior to the storms, tourism was the second largest industry in the state and the cultural economy was the fastest growing industry in the state. Negative images of affected areas portrayed by the media since these storms has resulted in a significant loss of interest in tourism. Currently, New Orleans is losing $15.2 million per day, and Lake Charles is losing $1.5 million per day in visitor spending. The damage to Louisiana's tourism sector has caused business and leisure travelers to choose other destinations. Louisiana will likely lose over $1 billion in direct tourism in the 12 months following the hurricanes as a result of losses in New Orleans alone.

The national tourism leaders who helped with the New York City rebound effort post-9/11 report that marketing is the key to rebuilding credibility with your customer base that may now doubt your ability to host them. The Department recently completed an impact study that showed that Louisiana is losing ground because we are not adequately countering negative images about New Orleans and Louisiana, which are still dominating local and national media. This research shows that:

- Thirty-four percent of the potential visitors surveyed stated that they were less interested in visiting Louisiana than they were before the storms, which is the highest of any of the Gulf South states;
- Twenty percent of the leisure travelers surveyed will not consider visiting the state at all during hurricane season;
- Fifty percent of those surveyed believe that "there are many places that have been destroyed and it isn't a good place to visit now"; and
- Sixty-two percent say the destruction of scenery and forty-six percent state that they have less interest in the region because attractions are no longer available.

A comparison of advertising expenditures to job growth in the tourism industry shows a significant, positive relationship between the two. A recent regression analysis based on historical data predicts that an injection of $50 million into the Department's advertising and marketing budget could produce a projected 83,000 new jobs with additional annual payroll of $1.22 billion, translating into $85.5 million in state taxes annually. It is estimated that a significant number of these jobs will fall in the low-to-moderate income category.

Working under the leadership and vision of Lt. Governor Mitch Landrieu, Secretary Angèle Davis of the Louisiana Department of Culture, Recreation and Tourism developed the Louisiana Rebirth Plan (economic recovery plan for tourism and culture industries) with the help of the tourism and culture industry stakeholders, including the Louisiana Hotel and Motel Association, the Louisiana Restaurant Association, the Louisiana Travel Promotion Association, the Louisiana Association of

Convention and Visitors Bureaus, the New Orleans Tourism and Marketing Corporation, the Southwest Louisiana Convention and Visitors Bureau and the New Orleans Metropolitan Convention and Visitors Bureau. Following is a summary of the immediate budget request and breakdown of expenditures. (Southwest Louisiana is included in the statewide request.)

| | |
|---|---|
| **Statewide Tourism Travel (Includes Southwest Louisiana) Fiscal Year 2006-2007** | |
| A. Consumer Awareness National Advertising Campaign | $6,495,000 |
| B. New Orleans Convention Center Advertising & Marketing | $3,000,000 |
| C. Supplemental Marketing Assistance | $1,082,000 |
| D. Instate Advertising | $541,000 |
| E. Festival/Key Event Marketing | $541,000 |
| F. International Marketing | $541,000 |
| **TOTAL** | **$12,200,000** |
| **New Orleans Leisure Travel Calendar Year 2006** | |
| A. Leisure Advertising Campaign | $6,102,000 |
| B. Public Relations | $768,000 |
| C. Interactive Marketing | $658,000 |
| D. Niche Marketing Campaigns: Family/Multicultural/Museums | $1,482,000 |
| E. New Orleans Festival Marketing | $107,000 |
| F. Remarketing to Past Visitors | $192,000 |
| G. Fall Campaign and Christmas New Orleans Style | $1,070,000 |
| H. Co-op Partnership Marketing | $321,000 |
| **TOTAL** | **$10,700,000** |
| **New Orleans Convention and Meeting Travel Calendar Year 2006** | |
| A. Group Leisure/Travel Agents, FIT/International Travel | $1,490,000 |
| B. Convention Marketing | $1,490,000 |
| C. Interactive Marketing | $263,000 |
| D. Convention Incentives/Attendee Drivers/Exhibitor Drivers | $1,490,000 |
| E. Direct Sales, Promotion, Communications, Media | $2,367,000 |
| **TOTAL** | **$7,100,000** |
| **GRAND TOTAL*** | **$30,000,000** |

*Projected budget based on estimated allocation

Clearly, additional aid in the form of an advertising and marketing program is critically needed to help bring back visitors to our state and get the industry back on its feet. This critical funding is needed immediately in order to sustain the state's tourism industry, which was the second largest industry before the storms, and the cultural economy, which was our state's fastest growing industry before the storms. An outlay of $30 million will be invested in a national advertising campaign designed to bring out-of-state leisure and business travelers back to New Orleans and Southwest Louisiana. This critical funding is needed immediately in order to provide a powerful positive impact on Louisiana's tourism market on a state, national and international level.

In recognition of the damage done to the state as a place to do business, the Department of Culture, Recreation, & Tourism shall coordinate with Louisiana Economic Development to use a small portion of this pool for a coordinated business-focused campaign.

**Small Firm Recovery Loan & Grant Program ($40 million)**

Small, locally owned firms in the regions impacted by hurricanes Katrina and Rita were seriously affected by the storms and continue to be impacted by the lower population and dearth of tourists in the regions. These firms provide many jobs and contribute to the character of the region in which are located.

The Small Firm Recovery Loan & Grant Program would be targeted to firms that are deemed to have chance to survive, contribute to the economy, and maintain and create jobs. Funds would support low-cost working capital loans on flexible terms, small grants to reimburse for tangible losses, wage subsidies to small firms, and technical assistance to support the firms receiving the financial support, some of which may not qualify for bank and/or SBA loans. Firms assisted would be those expected to survive and pay back the funds if given an opportunity for a loan.

After 9/11, Empire State Development (ESD, the economic development agency for New York), in cooperation with the New York City Economic Development Corporation (EDC), issued an RFP to gather proposals from groups to provide loans and small grants to firms. This program was considered by the U.S. Department of Housing & Urban Development (HUD) to have been one of the best uses of the Community Development Block Grant funds they provided to New York after 9/11.

Louisiana plans to implement a program that is similar to that developed and used in New York. Louisiana will seek proposals from nonprofits and Community Development Financial Institutions that would be used as intermediaries to provide working capital loans on flexible terms and small grants to reimburse for tangible losses to small firms, including nonprofits, located in the impacted parishes. Substantial documentation of the proposed approach and experience providing that type of approach will be required. Groups receiving these grants would be expected to provide, or team with a group to provide, technical assistance to the firms receiving funds. This program would be managed carefully on a daily basis to provide the contractors/lenders flexibility, while working closely with them to ensure coordination and provide oversight. As in New York, contracts would be re-evaluated every few months, and funds might be moved between contracts/organizations if deemed appropriate to meet the objectives of the program.

Respondent organizations will be encouraged to develop partnerships with other groups to provide a team that might serve a specific geographic area or specific type of company or industry. It is envisioned that there will be multiple contracts. As in the New York RFP, the LRA will reserve the right to select all or some of the applicants, reject any or all proposals, select all or fewer than all responding to the RFP as part of a consortia or partnership, allocate funds in any amount depending on the number and quality of the proposals, and negotiate any part(s) of any proposal.

**Technical Assistance to Small Firms ($10 million)**

Small, locally owned firms in the regions impacted by hurricanes Katrina and Rita were seriously affected by the storms and continue to be impacted by the lower population and dearth of tourists in the regions. These firms provide many jobs and contribute to the character of the region in which are located.

Funds for the "Technical Assistance to Small Firms" program would be used to contract with intermediaries to provide technical assistance to small firms, including nonprofits, that that have been adversely affected by the hurricanes and assistance to entrepreneurs or individuals seeking to start a new business that would be located in the impacted area.

After 9/11, Empire State Development (ESD, the economic development agency for New York), in cooperation with the New York City Economic Development Corporation (EDC), issued an RFP to gather proposals from groups to provide technical assistance to firms needing assistance.

Louisiana plans to implement a program that is similar to that developed and used in New York. Louisiana will seek proposals from intermediaries that would provide technical assistance to existing small firms and assistance to entrepreneurs/persons seeking to start a new business to locate within and take advantage of opportunities in the most impacted parishes. As in the New York RFP, the LRA will reserve the right to select all or some of the applicants, reject any or all proposals, select all or fewer than all responding to the RFP as part of a consortia or partnership, allocate funds in any amount depending on the number and quality of the proposals, and negotiate any part(s) of any proposal. Respondent organizations will be encouraged to develop partnerships with other groups to provide a team that might serve a specific geographic area or specific type of company or industry.

It is envisioned that there will be multiple contracts. LRA anticipates that at least one contract will be will be to provide services to entrepreneurs and at least one contract to a group working with non-profits.

Contractors would be selected based on evidence of quality of services, sustainability, and building capacity that will remain in the region.