

**HOUSE COMMERCE COMMITTEE AND  
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

Minutes of Meeting  
1998-99 Interim  
October 13, 1998

**I. CALL TO ORDER**

Representative John Travis, Chairman of the House Commerce Committee, called the meeting to order at 9:30 a.m. in Committee Room 1 of the State Capitol in Baton Rouge, Louisiana.

**II. ROLL CALL**

**MEMBERS PRESENT:**

Representative John Travis,  
Chairman  
Representative Pete Schneider,  
Vice Chairman  
Representative Robert Barton  
Representative Jean Doerge  
Representative Dan Flavin  
Representative Arthur Morrell  
Representative Edwin Murray  
Representative Gil Pinac  
Representative Tank Powell  
Representative Diane Winston  
Representative Clo Fontenot (ad hoc)

**MEMBERS ABSENT:**

Representative Naomi Farve  
Representative Mickey Frith  
Representative Mike Michot  
Representative Sharon Weston  
Representative Tommy Wright (ad hoc)

Senator Ken Hollis,  
Chairman  
Senator Mike Branch  
Senator Wilson Fields  
Senator Francis Heitmeier  
Senator Louis Lambert  
Senator Michael Robichaux  
Senator Mike Smith

**III. STAFF MEMBERS PRESENT**

Cindy Mancuso, Attorney  
Billy Gothreaux, Research Analyst  
Sandy Painting, Secretary  
Steven Tilley, Sergeant at Arms

**IV. DISCUSSION**

**House Concurrent Study Request No. 5 by Representative Murray**

Representative Murray presented House Concurrent Study Request No. 5 which requests a joint study by the House and Senate Commerce Committees of the procedures and criteria used by the Louisiana Economic Development Corporation in the determination of awarding financial assistance, grants, and incentives.

Mr. Dennis Manshack, Executive Director, Louisiana Economic Development Corporation (LEDC), P.O. Box 44153, Baton Rouge, Louisiana 70804, (504) 342-5673, provided the committee with a report which gave a brief overview of LEDC and how it was established (see attached Exhibit "A"). He stated that LEDC was established for the purpose of stimulating the flow of private capital, long-term loans, and other financial assistance for the sound financing of the development, expansion, and retention of small business concerns in Louisiana, as a means of providing high levels of employment, income growth, and expanded economic opportunities, especially to disadvantaged persons and within distressed and rural areas.

Mr. Mike Williams, Deputy Director, Louisiana Economic Development Corporation (LEDC), P.O. Box 44153, Baton Rouge, Louisiana 70804, (504) 342-5676, appeared before the committee and discussed the New Orleans Studios project, which was a LEDC-guaranteed loan (see attached Exhibit "B").

Representative Murray expressed concerns regarding the number of jobs created by LEDC.

Mr. Manshack stated that LEDC was not set up to create new jobs but to enhance the development of small businesses and expand existing businesses of Louisiana.

Representative Barton asked how LEDC was funded.

Mr. Manshack stated that LEDC's funds are derived from vendors' compensation funds, repayment of loans, and earnings on investments.

Representative Travis asked for the number of jobs created over the last 10-year period.

Mr. Williams stated that approximately 4,700 jobs had been created directly within the last 10-year period, and utilizing some multipliers which come from economic development models has created an additional 12,00 jobs indirectly.

Representative Winston asked if the New Orleans Studios, LLC project was a loss to the state.

Mr. Williams stated that the loan was paid in full, LEDC did not lose any money, and the state did not have to put out any additional money.

Representative Winston stated that the UNO Foundation aided in paying off the loan; therefore, in essence, the state did support this project.

Representative Flavin asked who approached LEDC for loan guarantees.

Mr. Manshack stated that LEDC's program was organized to work with commercial banks exclusively.

Representative Travis confirmed with Mr. Williams that LEDC works with the banks on all decisionmaking regarding defaults and collections. He stated that LEDC needed to look at the full value of assets when accepting loan payoffs and not just the amount of the loan.

## **V. OTHER BUSINESS**

There was no other business discussed.

## **VI. ANNOUNCEMENTS**

Representative Travis stated that the House Commerce meeting would begin immediately after a 10-minute break.

## **VII. ADJOURNMENT**

There being no further business, the meeting was adjourned at 10:30 a.m.

Respectfully submitted,

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John Travis, Chairman

Date Approved: \_\_\_\_\_