



March 15, 2009

Growing government won't help

Even as Louisiana continues to outperform the national economy and the South, we know we are not immune to the current national economic downturn. In order to strengthen our economy here in Louisiana and encourage businesses to expand and create jobs wherever we can, we must be committed to policies that encourage growth.

Increasing taxes on Louisiana businesses would have the exact opposite effect, and I have said I will not increase taxes on our people to help meet our budget challenges. Raising taxes on our businesses, in particular, would effectively punish employers who create the very jobs we want to protect and multiply for our people. In order to protect our Louisiana businesses from a burdensome tax increase, I recently announced that we will decline a portion of the federal stimulus bill that would require a permanent change in state law to expand unemployment insurance coverage and ultimately force our businesses to foot the bill.

While we have already accepted provisions in the stimulus to increase state unemployment benefits for recipients by an extra \$25 per week and the transportation funds included in the bill to support our shovel-ready transportation priorities, we will not permanently change our law to expand unemployment insurance because the federal money under this provision will run out in less than three years, and our businesses would face a tax increase to fund this expansion of benefits.

Permanently changing our law to accept this temporary money would ultimately pass along an estimated cost of more than \$12 million a year to Louisiana businesses. It would be irresponsible to enter into a forced expansion of this program, especially given the serious budget challenges we are facing, that would ultimately increase taxes on the businesses we are working to support during these tough economic times. Permanently growing government just to accept temporary federal funds would be like spending a dollar to chase a dime.

The Louisiana Association of Business and Industry agreed with our decision and said that the terms of the stimulus bill put the solvency of Louisiana's unemployment compensation trust fund "in jeopardy, risking higher employer taxes and lower weekly unemployment benefits" ... and that "the increased costs to our state's [unemployment compensation] fund would remain long after the federal dollars from the stimulus bill vanish."

The National Federation of Independent Business also supports this decision.

In fact, since our decision to decline this mandate in order to protect our businesses from higher taxes, several other states have said they are also considering rejecting this provision, including the Democratic governor of Tennessee.

Each state agency is working with our federal partners to analyze every provision of this stimulus bill to consider all strings that are attached and avoid growing government in unsustainable ways when we should be focused on growing jobs. We will continue to use those provisions in the stimulus that help our people in their time of need without adding an undue burden to the businesses and industries that drive our economy.
