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TO: U. S. Senate Committee on Commerce, Science and Transportation

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FROM: Mark C. Drennen, President and CEO of GNO, Inc

Testifying on behalf of *Southeast Louisiana Business Coalition*
on Monday, November 7, 2005

Southeast Louisiana Business Coalition, a group of business leaders representing thousands of small, medium and large employers from the hardest hit areas of the New Orleans region have united for three primary purposes:

- to educate congress and federal agencies as to the vital pre-Katrina national economic impact of the Southeast Louisiana region
- to alert congress and federal agencies about the severity of the devastation to the regional economy
- to propose a post-Katrina congressional relief package.

Critical to our message are some startling facts and figures. To date:

- 80,000 businesses have been disrupted by the hurricane and are in severe risk of failure.
- 438,000 new claims for unemployment have been filed since Hurricane Katrina.
- The State of Louisiana anticipates \$1 Billion in lost revenue for Fiscal Year 2005/06.
- 200,000 homes have been substantially damaged.
- basic infrastructure necessary for economic recovery, including schools, hospitals, colleges and roads have been severely damaged or destroyed.
- Tax bases for governmental operations have been lost.

The *Southeast Louisiana Business Coalition* representing businesses from a variety of sectors, such as banking, law, information technology and telecommunications, and engineering are requesting critically needed help through appropriations requests, an economic stimulus package and a call for a federally appointed figure to direct recovery efforts.

Appropriations requests include:

- (Our top regional priority)---essential infrastructure help on an aggressive schedule to rebuild the levees to real Category 3 strength to provide disaster mitigation, structural stability, and psychological reassurance for businesses and residents to return to the area.

In addition, we respectfully request long term funding to implement plans developed by the Corp of Engineers and other experts to protect the area from a Category 5 hurricane.

- (Our second regional priority)---the allocation of 25% of revenues derived from Louisiana offshore mineral production to implement our already developed coastal restoration plan. A significant contributor to the devastation caused by Katrina was the previous loss of much of our coastal wetlands, which are also vital to the national economy.
- a grant program to provide vital immediate cash for businesses, similar to the recovery grants provided to Manhattan businesses, by Congress, following the September 11th disaster.
- low interest loan programs for commercial and residential development similar to the post 9-11 plan for Manhattan.
- funding to repair damages to key infrastructure for our ports, the airport and highways.
- a comprehensive economic stimulus package authorizing various tax relief measures and incentives, including a combination of
 - Relocation Tax Credits and Employment Credits targeted at stimulating business re-entry into the market at pre-Katrina employment levels
 - Accelerated Depreciation and Tax Exempt Bonds to provide an incentive for increased capital projects
 - Personal Tax Relief and Tax Credits for those in the affected region in order to entice back individuals, business owners and corporate managers.

The *Southeast Louisiana Business Coalition* has recommended that the President and Congress create a single regional board to be directed by a person of national prominence to coordinate the recovery and rebuilding efforts in Southeast Louisiana. The group believes that relief coordination must occur at the federal, state and local levels in order to maximize resources, execute effective planning, and expedite implementation for post-Katrina recovery.

We fully understand that Louisiana must take every action possible to help itself. With this in mind, our local governments are proceeding with the development of action plans for recovery of their respective areas. Parish presidents and mayors are including business leaders in their recovery plans. Outside expertise from national groups such as the International Economic Development Council (IEDC), the U. S. Chamber of Commerce

and American Institute of Architects (AIA) are actively involved. Governor Blanco has convened a special session of the Louisiana legislature to address budget issues and state incentive programs as well as convened the Louisiana Recovery Authority to coordinate the state efforts.

We have convened a regional housing task force group to devise short and long-term solutions to this severe problem. Without housing for our citizens, we will be unable to provide a workforce to re-open our businesses. As recommendations are developed, we will share them with Congress.

In conclusion, time is of the essence for our successful recovery. We request your thoughtful consideration of our proposed solutions. With the temporary assistance of the citizens of the United States, we will be successful.