



📅 June 3, 2020

## SESSION **RECAP.**

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### The Big News. Legal Reform On The Governor's Desk; Special Session Begins



#### Regular Session Ends, Special Session Begins

This Monday, June 1, at 6:00 pm, the Louisiana Legislature adjourned *sine die*, as required by the state Constitution. The session was truly unprecedented, as lawmakers convened in early March only to suspend the session until May 4th due to the global COVID-19 pandemic that took the life of newly elected Representative Reggie Bagala (R-Cut Off).

In the four weeks of May, the Legislature took aggressive action in an effort to stem economic fallout from the pandemic, which has led to hundreds of thousands of unemployed workers across the state even as business operations remain limited by directives from state and local leaders. Legislative leaders supported an array of bills recommended by the Louisiana Economic Recovery Task Force, ranging from a small business relief fund to comprehensive legal reform to tax relief for unemployment compensation.

Moments after adjourning the regular session, lawmakers entered into a 30-day special session

where they defined the scope - primarily to finish work on the \$30 billion-plus spending plan for the fiscal year beginning July 1, as well as to consider other measures to continue to help struggling employers and workers.

The special session must end no later than 6:00 pm on June 30th. See below for details on the major takeaways for business from the 2020 regular session.

## **Comprehensive Legal Reform Bill Heads to the Governor's Desk**

In the final moments of the regular legislative session, **Sen. Kirk Talbot's SB 418**, the **Omnibus Premium Reduction Act**, received a final vote and is now on Governor John Bel Edwards' desk to be signed, vetoed, or allowed to become law without his signature within ten days.

Specifically, this bill will:

- Lower Louisiana's jury trial threshold from \$50,000 to \$10,000 for personal injury cases
- Reform the collateral source rule
- Reform the direct action statute
- Extend the prescriptions for tort actions from one year to two years for motor vehicle accidents
- Eliminate the seat belt gag order
- Require a mandatory 10% rate reduction for both personal and commercial auto insurance

In the rush of the final hour of the session, a drafting error was made in the bill that could significantly affect the required rate reductions. (Read more [HERE](#).) Legislative leadership is committed to passing a bill in this new special session that will correct this language to restore the bill to the best possible form to reform the legal system and lower rates.

**Thank you to the House and Senate for passing this bill and for your leadership to ensure its implementation in the proper form. And thank YOU for taking action in the regular session and in the days to come.**

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## **Bills Aimed at Improving Louisiana's Legal Climate Await Action by the Governor**

In addition to Sen. Talbot's Omnibus Legal Reform bill, several other legal reform measures aimed at promoting fairness in our judicial system and improving Louisiana's legal climate passed both chambers and now head to the governor's desk for approval.

**SB 395 by Sen. Heather Cloud** (R-Turkey Creek) seeks to rein in attorney advertising by declaring false or misleading ads in which a plaintiff claims a windfall but does not disclose the amount that deducted for attorney fees and court costs. It passed the House by a vote of 78-23 and the Senate concurred in House amendments by a vote of 37-0.

**HB 313 by Rep. Thomas Pressly** (R-Shreveport) would clarify the bounds of liability for business organizations in Louisiana by legislatively repealing the single business enterprise theory of liability and restricting the ability of courts to impose liability on business organizations based on common business practices conducted by groups of related business entities. This bill is critical for the

protection of small businesses and the promotion of access to capital for entrepreneurs. It passed the House by a vote of 92-1 and the Senate by a vote of 26-8.

**HB 597 by Rep. Richard Nelson** (R-Mandeville) removes a judge-created legal presumption that if signed by the governor would require a plaintiff to actually prove all the elements of his case. This bill will promote fairness in our judicial system by prohibiting the presumption of causation of injuries. It passed the Senate by a vote of 22-13. The House concurred in the Senate amendments by a vote of 68-23.

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## **Bills on the Governor's Desk to Provide Employers with Limited Liability Protection for COVID-19**

In addition to comprehensive legal reform, lawmakers passed several bills that would provide relief and reassurance to businesses operating amidst the COVID-19 crisis. The bills now await action by the Governor.

**SB 435 by Sen. Mark Abraham** (R-Lake Charles) would provide limited liability protection for COVID-19 exposure to individuals and entities, including local or state government, that follow government standards and guidance during a state of emergency. The conference committee report was adopted by a vote of 92-0 in the House and 34-1 in the Senate.

**HB 826 by Rep. Thomas Pressly** (R-Shreveport) seeks to ensure that liability protections are in place for individuals and local or state government that has operated in accordance with public health guidelines during the COVID-19 crisis. The conference committee report was adopted by a vote of 93-0 in the House and 36-0 in the Senate Monday.

On a 99-0 vote, the full House also finally passed **SB 491 by Sen. Hewitt**, which limits liability for those providing relief or recovery equipment or services during the COVID-19 emergency. **SB 508 by Sen. Patrick McMath** (R-Covington), which limits liability for Louisiana restaurants that comply with official guidance, passed the House by a 94-0 vote, and the Senate concurred in the amendments.

## **Bills on the Governor's Desk for Financial Relief for Small Businesses**

Just before the regular session ended Monday, both chambers gave final approval to **SB 189, by Sen. Bodi White** (R-Baton Rouge), which directs \$300 million of Louisiana's CARES Act allocation from the federal government into a fund at the state Treasury to provide **relief grants to small businesses** in the wake of the COVID-19 crisis. The remaining \$511 million will be used to reimburse municipalities for virus-related expenses. This bill, and the following measures, now await action by the Governor to sign into law or veto it.

On Sunday, **SB 461 by Sen. Mike Reese** (R-DeRidder) was approved in the Senate to avoid penalizing Louisiana employers with higher **unemployment compensation (UC) taxes** for COVID-related job losses. This LABI-supported bill will allow the state's UC trust fund to absorb the shock of this half a billion dollars in benefits, resulting in a gradual recoupment of the cost over years rather than a single-year tax collection.

**HB 846 by Rep. Mark Wright** (R-Covington) received unanimous approval in the House Monday

to provide a rebate under the **Competitive Projects Payroll Incentive Program** to COVID-19-affected retail, lodging and restaurant employers. To be eligible, an employer must have created five new jobs and a minimum annual new payroll of \$40,000 by the end of this year.

**HCR 66 by Rep. Stuart Bishop** (R-Lafayette), would temporarily **suspend a portion of the franchise tax** for certain businesses until July 2021. The Senate adopted the resolution Monday by a vote of 27-8 and the House concurred by a vote of 66-26. As a resolution of the Legislature, this measure does not require gubernatorial approval and will be enacted.

Finally, both chambers passed **HCR 4 by Rep. Beau Beullieu** (R-New Iberia) to authorize a fast-track process for local governments to streamline Industrial Tax Exemption Program (ITEP). The bill's "**ITEP Ready**" concept will simplify procedures for local taxing authorities seeking to attract business investment and jobs. As a resolution of the Legislature, this measure also does not require gubernatorial approval and will be enacted.

### **LABI President & CEO Stephen Waguespack released the following statement on the conclusion of the Regular Session:**

"In the face of an unprecedented crisis, the Legislature was able to come together and provide real assistance to Louisiana's struggling economy by acting on issues such as legal reform, liability protections, tax and regulatory relief, and direct aid to small businesses. These measures will not only help both our job creators and working families in the short-term, they will also break down the persistent barriers to growth that our state will have to overcome in order to fully recover in the wake of this pandemic. We urge Gov. Edwards to sign these bills into law as soon as possible. Specifically on legal reform, the business community strongly commends the Legislature's robust efforts to tackle this obvious problem. On SB418, Sen. Talbot's landmark bill to lower auto insurance rates and reduce frivolous lawsuits, we have become aware that a problematic provision was included in conference report language at the last minute, and we are already in the process of working with legislative leaders to fix this language in the special session should the bill become law. Hopefully, the Governor will sign SB418 and work closely with the Legislature to promptly address this provision to ensure the insurance rate reductions go into effect as soon as feasible. If the Governor chooses to veto SB418, that same broad, bipartisan coalition is more than prepared to send additional measures to his desk during this special session, to ultimately fix Louisiana's broken legal system and lower auto insurance rates for all drivers in our state."

## **Upcoming Meetings**

### **THURSDAY**

#### House

Appropriations  
9:00 AM

Floor  
1:00 PM

#### Senate

## **News.**

Finance  
9:00 AM

Floor  
3:00 PM

## FRIDAY

### House

Appropriations  
9:00 AM

### Senate

Revenue and Fiscal Affairs  
9:00 AM

**The Advocate:** Our Views: John Bel Edwards should sign the bill aimed at lowering sky-high car insurance rates

[Read More](#)

**WAFB:** \$300M small business aid package diverting federal money from local government headed to Gov. Edwards' desk

[Read More](#)

## Friday.

### Senate Revenue & Fiscal Affairs Committee.

#### **SB 6 - Sen. Bret Allain**

This bill provides for the suspension of the corporation franchise tax and initial corporation franchise tax for small business corporations. It is set to be heard in the Senate Rev & Fisc Committee Friday. LABI supports this bill.

[Support](#)