

## Pandemic politics: the 2020 Louisiana Legislature

The 2020 legislative session had only been underway for a week when the Covid-19 pandemic took hold in Louisiana and sent legislators - many of them newly elected - back home to their districts. When the session resumed on May 4, the challenges facing Louisiana looked very different than they did just a few weeks earlier.

Gone was the optimistic revenue forecast that gave legislators a chance to raise teacher pay and make new investments in early childhood education. In its place was a nearly \$1 billion shortfall, along with increased demands on healthcare providers, early learning centers and other front-line providers.

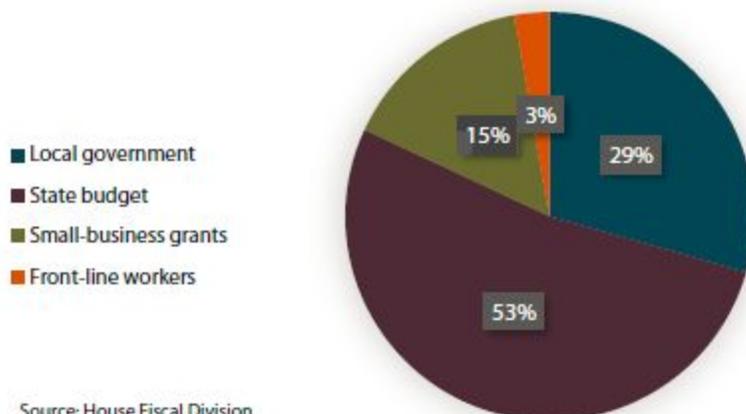
Legislators completed their regular session on June 1, then immediately re-convened themselves into a special session that lasted until June 30. It marked only the second time that the Legislature had called itself into session. This allowed legislators - not the governor - to determine the official agenda, which was based on recommendations from an advisory committee composed almost entirely of business owners and their lobbyists.

As a result, proposals that would have helped struggling workers, such as access to paid sick leave and a higher minimum wage, failed to pass, while legislators sought tax breaks and other benefits for businesses. The legislature's decisions, overall, did little to nothing to address the profound racial inequities that Louisiana faced before the pandemic and that the virus and ensuing recession made worse.

### What passed

**The budget:** Congress passed two coronavirus relief bills - the Families First Coronavirus Response Act and the CARES Act - that steered more than \$2 billion to Louisiana and helped fill most of the holes in the budget created by the drop in state revenues. The result was an [operating budget](#) for fiscal year 2020-21 that did not include pay raises for teachers or new investments in public colleges and universities, or child-care programs for low-income families that were included in the [pre-pandemic executive budget](#).

How the Coronavirus Relief Fund was used



Source: House Fiscal Division

The budget was balanced with the help of [\\$947 million](#) in CARES Act funding, along with \$90 million from the state's rainy-day fund. The pressure on the budget also was helped by an increased federal match to the state Medicaid program. Even so,



the budget did include some cuts to health care and higher education programs.

**Relief grants:** The most controversial part of the budget debate involved \$811 million in federal CARES Act money that Gov. John Bel Edwards had set aside for cities, parishes and other local government entities to offset the costs of responding to the pandemic. The Legislature [carved out \\$275 million](#) from that amount for a new grant program for small businesses, administered by Treasurer John Schroder's office. The [law directs](#) that at least \$40 million be set aside for minority, veteran, and women-owned small businesses and distributed within 60 days. Lawmakers later established a [separate grant program](#) for workers, capped at \$50 million, that will provide one-time checks of \$250 for certain front-line workers who earn less than \$50,000 per year.

**Tax breaks:** The Legislature jeopardized the state's ability to make needed investments in public services like education by passing several bills that cut taxes on corporations and expanded existing subsidy programs:

*-Vendors' compensation:* [House Bill 11](#) increases the amount of money that retailers are compensated for collecting and remitting state sales taxes. It partially reversed one of the modest tax reforms that received broad bipartisan support as recently as 2013. Louisiana already has one of the most generous vendors' compensation programs in the country (several states offer no such discounts), and there is no evidence that increasing the amount will lead to more retail activity.

*-Payroll subsidies for bars, restaurants and retailers:* [House Bill 13](#) allows certain restaurants, retailers and bars to receive taxpayer subsidies through the state Enterprise Zone (EZ) program, reversing a bipartisan move by the Legislature to ban those subsidies in 2013 and 2015. There is no evidence that more of these jobs will return - or that they will return faster - if the state underwrites these jobs, which generally pay low wages. [House Bill 19](#) expands Louisiana's Quality Jobs program to include restaurants, bars and retailers, which allows those businesses to collect state taxpayer subsidies for jobs that pay above a certain threshold. [The Legislative Auditor reported](#) this year that the vast majority of jobs that are subsidized through the program would have come to Louisiana without the incentive.

*-Sales-tax breaks:* [House Bill 69](#) exempts 50% of state and local sales tax on fiber-optic cables for companies that win bids in the federal [Rural Digital Opportunity Fund](#) auctions, creating a subsidy for purchases that would have happened anyway. The federal government is already heavily subsidizing the companies that win these bids with a designated \$20.4 billion fund. The Rural Digital Opportunity Fund auctions are not even set to begin until October.

*-Casino income taxes:* [Senate Bill 5](#) cuts income taxes for Louisiana casinos by exempting some of the taxes paid on promotional play wagers. Louisiana casino operators have survived for nearly 30 years without this tax break, which would cost the state \$83 million in lost revenue over five years - money the state needs to pay for critical services.

*-New Market Tax Credits:* [Senate Bill 13](#) continues Louisiana’s New Market Tax Credit program. Organizations from across the ideological spectrum – from the progressive Georgia Budget and Policy Institute to the conservative John Locke Foundation – [have called these programs “schemes” or “gimmicks”](#), and for good reason. Evidence from other states shows that these programs do not have a positive return on investment. Alabama and Missouri’s “rural jobs” programs showed that the states spent \$92,000 and \$146,000, respectively, in tax credits for every job created.

*-“Angel investor” subsidies:* [Senate Bill 24](#) increases state subsidies for investments made in federally designated Opportunity Zones, and doubles the existing cap on the program. The Opportunity Zone program was created by the 2017 federal tax law. It is still too early to tell if the program will actually benefit low-income neighborhoods, [or whether it includes too many loopholes](#) that allow investors to get rich without helping the communities that truly need new investments. The state should not be looking to piggyback on this program until it’s clear whether it’s working as intended.

*-Corporate franchise tax:* Louisiana charges corporations an annual tax on their capital. The tax helps ensure that companies contribute to the tax base even if they don’t show a profit. [House Concurrent Resolution 66](#) suspends the tax for small businesses with taxable capital of less than \$500,000, costing the state \$5.8 million through the 2022 fiscal year. [Senate Bill 6](#) suspends the tax on the first \$300,000 of business capital for companies with a net worth under \$1 million and also suspends the initial filing fee of \$110 through 2021. The bill would cost \$7.5 million.

**Workforce Development** [House Concurrent Resolution 12](#) directs the Louisiana Workforce Investment Council to study and report on resources available and innovative ways to coordinate and deploy opportunities for retraining and developing new skills for Louisiana workers unemployed due to Covid-19.

**Student Debt** [House Bill 676](#) prohibits Transcript withholding as a debt collection practice for institutions of higher education. As Louisiana is facing down the worst economy since the Great Depression brought on by the damage from the coronavirus pandemic, we need all the help we can get to get our residents back to work. This measure was important prior to Covid-19, but after the pandemic freeing transcripts will give Louisianans one of the tools they need to weather disruptions in the labor market and re-enter the workforce.

**Health care** - The legislature approved several measures affecting the Medicaid program. The popular healthcare program provides healthcare coverage for nearly 1 in 3 Louisianans, a number that will likely grow due to the economic and health impacts of Covid-19.

*Money Follows the Patient:* The Legislature cleared the way for a new hospital reimbursement formula, dubbed *Money Follows the Patient*, which will draw down additional federal funds for hospitals that serve Medicaid patients. The plan now goes to the Centers on Medicaid and Medicare for approval, and



will also require the Joint Legislative Committee on the Budget to sign off prior to implementation. [Senate Concurrent Resolution 27](#) also mandated a 30-day approval window for future submissions.

*Medicaid Estimating Conference:* [Senate Bill 166](#) establishes the Medicaid Estimating Conference, which replaces the Medicaid Subcommittee of the Health and Social Services Conference. Its membership is largely composed of elected officials with the duty of developing and approving the Medicaid forecast, which is built into the state budget each year. The law also provides for a new position, a health care economist, within the Legislative Fiscal Office.

**Racial Equity** - The [killing of George Floyd](#) by Minneapolis police gave new urgency to the efforts to address long-standing, systemic racism in our state. Lawmakers debated several instruments designed to document and undo racial bias within our government agencies and services.

*Implicit bias in healthcare:* Covid-19 has laid bare stark racial disparities in many areas of society, including in health outcomes. [Senate Resolution 19](#) and [House Resolution 33](#) urges and requests the Louisiana Department of Health to work with the 24 health profession licensing boards in Louisiana to provide training on implicit bias in healthcare delivery. Both resolutions passed.

*Racism in policing:* [Senate Concurrent Resolution 7](#) establishes the Police Training, Screening, and De-escalation Task Force to study and make recommendations to the legislature. The resolution was heavily amended, including removing George Floyd's name, before it was eventually passed.

### **What failed**

**Paid sick leave:** Nearly [half of Louisiana workers](#) lack access to paid sick days. Yet the Legislature shot down two bills ([House Bill 832](#) and [House Bill 797](#)) that sought to provide most workers with guaranteed paid sick leave - even amid a global pandemic. [LBP Testimony on HB 832](#).

**Defending the Affordable Care Act:** The ACA has expanded coverage and brought health insurance protections to hundreds of thousands of Louisiana residents. But Louisiana Attorney General Jeff Landry has joined a federal suit seeking to overturn the popular law. [House Resolution 43](#) was a non-binding resolution urging Landry to withdraw from the lawsuit. It failed in committee despite 37 cards in support [and a letter](#) signed by health care advocates.

**Medicaid eligibility checks:** The state operating budget [included language](#) requiring the Louisiana Department of Health to institute new, costly checks to verify people's eligibility for the Medicaid program. The mandate would have cost the state \$42 million to comply with, and achieved few if any savings. It also would have caused some low-income Louisianans to lose their health coverage because of paperwork issues. Gov. John Bel Edwards [struck the language](#) from the budget bill using his line-item veto authority.



**Surprise medical bills:** Prohibitions on surprise medical bills - also known as “balance billing” - were introduced in both the regular and extraordinary sessions this year ([House Bill 61](#) Frieman, [Senate Bill 7](#) and [Senate Bill 262](#) Talbot, [House Bill 72](#) Crews, and [House Concurrent Resolution 26](#) Brown). LBP joined other patient advocacy groups in advocating that regardless of how claims are settled, any policy should take the patient out of the middle, and provided multiple [letters](#) and testimony to educate members. The Legislature failed to pass a bill, and instead created a joint subcommittee of the House Committee on Insurance and Senate Committee on Insurance to study the issue. The advocacy community was successful in having patient groups included as a key stakeholder in the study.

**Racism in education:** [House Resolution 55](#) requests that the State Board of Elementary and Secondary Education study the history of racism, racism's effects on public education, and anti-racism education and creates a task force to develop recommendations for implementing such education. The resolution failed in committee.

**Payroll subsidies:** Supporters of [House Bill 846](#) said it would serve as an incentive for businesses to reopen after the pandemic. In reality, the bill would have committed state taxpayers to underwriting 6% of payroll costs for retailers, restaurant and hospitality businesses with fewer than 50 employees as workers were rehired. The bill would have created a lucrative subsidy for businesses that often pay their workers at or near the minimum wage. [Gov. John Bel Edwards vetoed](#) the bill, which passed during the regular session. [Letter from LBP and the Power Coalition for Equity and Justice](#) urging the governor’s veto.