



# RESILIENT LOUISIANA COMMISSION

CO-CHAIR DON PIERSON

CO-CHAIR TERRIE STERLING

Resilient Louisiana Commission

Task Force Presentations:

Financial Services, Insurance and Real Estate; Manufacturing; Gaming; Small Business and Retail

Wednesday, June 17, 2020

Meeting called to order at: 9:01 a.m.

## Commission Members Present

- Terrie Sterling
- Sec. Don Pierson
- Dr. Jim Richardson
- Bill Hogan
- Tyron Picard
- Jade Brown Russell
- Tim Temple

- Resilient Louisiana Commission Director Andrew Doss began the meeting at 9:01 and called roll. The quorum was not meeting, approval to meet remotely and without quorum was approved in accordance with proclamation JBE 2020-52.
- Andrew introduced Commission co-chairs, Don Pierson and Terrie Sterling. Co-chair Pierson commended the task force participants and thanked them for their hard work. Co-chair Sterling welcomed the presenters after hard and dedicated work.
- Andrew Doss also thanked task force leaders and introduced the first presentation from Alden McDonald, task force leader of the Financial Services, Insurance and Real Estate task Force

### Financial Services, Insurance and Real Estate

- Alden began the presentation saying that the task force had many great members with long term experience in the industry, which gave the task force true insight into what the problems were and what solutions were required, both long and short term.
- The task force highlighted in report different areas that will be helpful in the recovery, providing crises responses for short-term issues and long-term responses. Alden acknowledged that, in some areas of long-term recommendations, it may take up to 3 years, on top of the requested 12 to 18 months.
- He continued that one thing that became clear is that Louisiana is very dependent on small business. The number of small business employees represents a large number of the population. From not being able to pay rent, to the limits in tourism, small businesses are dramatically affected. Recommendations in the report elaborate on how small businesses can be helped.
- He cautioned that the state should not rush into disbursement of funds provided by legislature, and that the banking industry as a whole will be involved in restructuring business. When you take a look at real estate and its assets, it will be affected because a lot of small businesses occupy real estate and commercial spots.
- Alden then introduced Jimmy Maurin, who spoke on behalf of Real Estate task force subgroup. Small business dominates the state of Louisiana like no other state in the nation, and they are the ones hit the hardest.
- The task force's three high level priorities are:
  - Growing small business community
  - Liability Protection, especially small businesses that can't afford it

- Housing affordability, which is an area with great advances, but primarily in the major markets; The state is falling farther behind in terms of affordable and workforce housing, but this is one area where communities can get together with state government to accelerate affordable and workforce housing.
- He said in the short term, hospitality and retail have been hit hardest in real estate sector. Restaurants are getting better, but may only break even. More dominate ownership is owned by local Louisianans rather than larger companies. The economic impact in Louisiana is really hit hard because the state are dependent on sales taxes, as well as tourism and oil and gas. The task force recommends stabilizing the tax base.
- He continued, saying the federal government will play a major role in Louisiana's recovery, and in terms of those dollars being appropriated, the state needs to continue to work with the congressional delegation regarding modifications to federal packages in order to provide support to the areas that are not covered in initial federal programs.
- Andrew Doss opened the conversation up to commissioners for questions.
- Co-chair Pierson agreed with the task force on supporting small businesses, and providing affordable housing across the state. Co-chair Sterling, applaud Sec. Pierson's comments in regards to affordable housing, and asked if the task force had other recommendations on a way forward to address issues in affordable housing. Alden responded by saying that affordable housing has been an issue for a long time, in particularly home ownership. He said the state must that housing is not affordable with the rate of pay, especially as the cost of housing continues to increase, and residents need much more income than what a minimum wage is paying. In order to look at housing, we must look at how to put it together with some sort of subsidy, or raise minimum wage to a livable wage.
- Jimmy Maurin added that in the medical district in New Orleans, the Old Charity hospital is not being repositioned as a major affordable housing. On top of that, LSU has five other empty buildings in the medical district, which are all in play for affordable housing. The state needs to see what federal programs Louisiana qualifies for.
- Ti Martin said that she thought the historic tax credit just works, but is there a way to putting incentives in underutilize facilities to make them wildly successful to address many problems? Alden replied that there may be solutions that may be easier than that, the soft second programs work beautifully. Jimmy Maurin said that the vast majority of the historic tax credit program has been used in New Orleans, but not as much in other major markets.

- Andrew Doss turned it over to public comments
- Dorien Nunez stated that banks have been instrumental in providing equity, and there has been a lack of equity capital in Louisiana. He said there was no mention of opportunity zones. He also said that minority businesses hire minorities. He also said the entrepreneurial community should be included in such discussions.
- Andrew Doss then introduced the Tommy Faucheux of the manufacturing task force

### Manufacturing:

- Tasking Force leader Tommy Faucheux presented, saying that the manufacturing industry has been deemed essential and continued to work during the pandemic, albeit differently. He said the Industry has had to make major adaptations, and address issues that might not have been a priority previously. The task force's recommendations are in many ways bringing structure as the industry goes through this crisis.
- He stated that he does not want anyone to think that just because the industry has been able to operate throughout that it has not been affected by the crisis. Many manufacturers are beginning to see that some of their traditional customers have gone away, and that consumer demands are changing.
- Recommendations from the task force include child care for employees; task force members are very much mindful of the impact that the current emergency is having on employees, and there is an apprehension among employees as to what will happen with schools and day care as the year continues. As employers, the task force leaders are hoping that schools and child care facilities try to bring as much consistency as possible. At the same time, task force leaders encourage manufacturers to have as much flexibility as possible with employees' family priorities.
- Tommy addressed the size of the designation itself, and said it is generally going very well, as manufactures are not seeing any issues of employees accessing facilities. A big concern of the task force is tied to hurricane season; the task force asks for as much consistency as possible.
- Regarding issues related to the workplace, the task force hopes that the trade associations push manufacturers to maintain attention to detail when it comes to CDC guidance. The task force also encourages employers to be flexible with employees regarding personal health; employers should not put employees at risk.

- The task force also discussed employees who may choose to seek unemployment benefits, even when there is a job waiting for them. The task force wants people go back to work, as it does not want to start behind the curve because employees may take unemployment benefits.
- Tommy said that liability protections were key to the task force, and that there was a great move by the legislature and governor to get liability protection legislation through; it went a long way to provide the liability protections that employers are seeking.
- He said that if there is something that manufactures can do specifically as numbers of covid cases change or increase, please let us know. In the long term, manufacturing leaders are watching the contract workforce closely, understanding that they are moving from project to project, frequently across state line. The task force is also asking the LWC to monitor contract workforce, and if they are seeing anything that should concern the industry.
- Tommy also suggested that LED FastStart be used to help employers as they retool. The task force encouraged the creation of incentive-based programs for adults to receive skills training as jobs and workforces change, citing the need to have maximum opportunities for adult learners to change skills.
- Regarding regulations, he said the state has done a good job of working with manufacturers. The only downside is that the industry and state leaders were all learning under fire early on. The task force asks that some regulatory agencies take the time to take all the work and regulations they've done and put it in a playbook or a similar method of rolling out this information should another crisis arise.
- Regard business development, the task force acknowledged this was a more ambitious set of items, but not exhaustive. One specific item of ITEP is that there be some consideration around miscellaneous capital section, maybe a temporary suspension. Regarding the modernization tax credit, the task force encourages companies to use this as much as they can as they have to retool or make changes. The task force encouraged the use of other incentive programs; EDAP for new investments, try to find ways to maximize investments in state; Adjustments to PILOT programs; R&D tax credit, available in the widest sense as manufacturers ramp up innovation. Encourage manufacturers to source their businesses and operations locally.
- Andrew Doss asked if there were any comments from commissioners
- Terrie Sterling asked if Tommy could speak to efforts that the manufacturing industry has made in regards to gender in the workforce, partnering with HBCUs, and wage

levels. Tommy replied that in the manufacturing sector, wages tend to be higher, as there is a very competitive market for skilled trades. Specific to gender, the industry has made great strides. He said that individual companies have been extremely involved in trying to work with HBCUs, trying to find ways to give opportunities to give students to get into community and technical colleges.

- Terrie asked if contractor jobs have benefits. Tommy replied that some do and some do not. He said that in those cases where there aren't benefits, salary rates are higher.
- Andrew introducing Gaming task force.

### Gaming:

- Mike Noel, leader of the Gaming task force began by thanking the commission for giving them the opportunity to discuss issues in industry. He said that most long- and short-term issues are very much the same.
- He said that one of the common themes is, since 1991 when gaming was authorized, not much has changed legislatively. Several items did pass in 2018. Prior to covid 19, the state had 20 casinos in operation, a couple hundred video poker facilities, and many charity facilities in operation. With COVID, everything ceased.
- He said that since then, the industry has opened up nearly all casinos, more than half video poker, though all at a limited capacity.
- He said that most of the task force's recommendations are legislative. The first, Louisiana taxes the free play it offers to customers, something that inhibits casinos ability to attract customers.
- He mentioned fantasy sports and sports wagering, and how there are some other areas that could put the industry in a position to compete in the future, without hindering or reducing regulator efforts.
- Mike introduced Wade Duty, executive director of Louisiana casino association. He, too said that the bulk of recommendations are legislative and address lack of evolution for casino legislation. Wade said that competitive markets are opening up and a quarter century of inattention has come at a cost, with that cost being a lack of modernization.

- Wade said that iGaming is a new sector, and it is about gaming on phones, regulators have more comfort of phone users than someone walking through the door. Something that's on the table.
- Regarding regulatory staffing, he said that Louisiana still mandates some antiquated tasks that would be better addressed through automated system better than by doing it by hand. The task force recommends continuing down modernization wherever we can. He said the casino industry is looking into moving to cashless transactions, which would be important during COVID issue.
- He said that Louisiana has excluded Gaming in every incentive program, that every other business in the state can avail itself of. It sends the message that "we like your money, we don't like you."
- Mike introduced Stan Guidroz, who also addressed lack of utilization of technology. He said the industry is simply suggesting that the definition of video poker include more than just the five card hand mode. Utilization of technology gives more options for players and increase opportunities for the state.
- Mike then introduced Michael Legendre with office of Charitable Gaming, who said his job is to make sure that the charities are protected. Following the peak of COVID-19, most game halls are back: 14 of the 21 bingo halls have come back; 22 of the 25 video bingo locations came back; halls that play socially with charitable group are back, but they are limited by size limitations and six-foot distancing. Despite coming back, charitable gaming will see a loss of \$3 million as a result of the shutdown.
- Mike then introduced Dan Real, who thanked RLC and task force. Speaking on behalf of the industry, he said Louisiana is still living in dark ages, and now is the time to move forward. He said there are creative ideas, many of which need to go through legislature.
- Andrew opened floor to commissioner questions.
- Terrie Sterling asked if the task force could explain how player tracking works? Wade responded saying it is not nearly as invasive as facebook, and it only applies to players who enroll in players club programs. It is not a mandate. He said to think of it as a loyalty club.
- Andrew opened floor to public questions, of which there were none.
- Andrew thanked all for leadership. He then turned the meeting over to Small business and Retail task force.

### Small Business and Retail

- Kelisha Garret began the presentation and introduced her co-chairs of the task force: Christine Bruneau, Mayra Pineda, and Jessica Elliott.
- Kelisha said the task force was large in size, and that it was subdivided. The retail side included large box stores and small boutiques, while the Small Business sector was divided into micro businesses (less than 50) and small businesses (50-500 employees).
- The task force dove into the items that have been impacting the industry related to COVID. In its slide presentation, it broke its recommendations down by the state agency or organizations that would be best suited to provide assistance:
- It looked at the percentage of small businesses in Louisiana by region, then looked at opportunities to support these businesses:
  - Gap funding – something that could potentially be managed by LED with task force guidance; developing funding that is identified for small businesses, not only loans as a solution; items such as tax incentives and revolving grant programs.
  - Seed capital to entrepreneurs if they need additional funding.
  - Handbook that provides centralized access to small businesses, so that small business leaders can understand the guidelines.
  - Technical assistance and transitional assistance: many of the small businesses may not be able to operate in the segment the way they did prior to COVID.
  - Marketing and strategies that increase consumer demand; a statewide program that would allow customers to go online to look for businesses that are open and operating. While opening in different phases, consumers are currently not aware of what businesses are open or closed.
- The task force selected LED and Chambers of Commerce to partner to work on Mentorship programs and underutilized programming, or in areas in which COVID has impacted the demand for programs.
- LED and the Louisiana Department of Health were recommended to partner to provide centralized guidance materials on regulations, as some small business locations may not be able to accommodate space guidelines, or address problems arising from employees who are sick.
- The task force tapped the Legislative and Executive Action team to:

- Provided relief to landlords: some allowance that can be passed down to small businesses that could not pay rent.
- Encourage office allowances as part of Phase 3 to accommodate families: children may not be enrolled in a summer camp, requesting ability to bring people from household in office without impacting number of people in building
- Task force is in favor of recent legislation that provides safe harbor from litigation. many businesses are scared reopen as they would not know if they are liable from an expense point should someone get sick
- Local first program: this is a public policy law, the task force would like to have that expanded to businesses that are using tax-funded programs.
- Anti-discrimination reminder: Asian community has been affected, task force stands behind them. We want to have a statewide approach to such a policy.
- The task force designated the Louisiana Workforce Commission to:
  - Host or encourage virtual job fairs: these have worked well in the past. The task force encourages more industry job fairs, and to let businesses share their openings and allow individuals seeking work to know that jobs are available
  - Provided guidance for solutions to unemployment vs available jobs: work through emergency unemployment payments.
  - Career path incentives: reducing some of licenses, requirements and fees where the fee for training or time to be trained are exorbitant. Look to streamline.
- The task force requested of the Louisiana Department of Health:
  - Clarity on capacity versus social distancing; this will eventually clash. Increasing capacity numbers will limit ability for businesses to accommodate social distancing, could turn away customers, and limit ability to make money.
  - The task force encourages a voluntary informal compliance inspection service to Spot check locations, possibly in partnership with State Fire Marshal
- Additional considerations
  - Understanding what an evacuation plan would look like due to limitations of COVID 19 during hurricane season. Greater notice from a time frame perspective
  - Language access: encourage the state to provide translation of disaster safety information as well as COVID safety information in Spanish and Vietnamese.
  - Create accessible small-business bank-loans: This was an issue prior to covid; Louisiana has to look at inventive ways to ensure that there is access to capital. Look into new ways to track business performance and have that tied to capital. Also, encourage banks to have latitude with small businesses regarding COVID.
- Recommendations from the task force for the Louisiana Department of Revenue:
  - Tax incentives for disaster preparedness

- Tax Credits for disaster preparation expenses, such as PPE
  - Suspension or release of inventory tax for COVID-19 affected businesses
  - State and local tax holidays for brick-and-mortar customers.
- The task force encouraged the Louisiana department of Education to Standardized remote and distance learning.
- The task force provided some equity components of its recommendations:
  - Vulnerable populations: Louisiana needs to ensure that they are not lost. More than 40 percent of minority owned businesses are set to close following COVID.
  - Need for Health care programs for small business owners
  - Child care
  - Looking at tracking in biases that are prohibiting businesses from participating in programs.
  - Sustainable economy: most diversified sector, we do have need to focus on scalability.
  - Exposure: hazards are environmental; closures from hurricane or COVID are dramatic, and psychological and mental health is affected
  - Leadership Strategies: the task force wants to strengthen those programs that are provided by LED and chambers to ensure they get the training they need, but a lean in from large corporations to support small businesses.
- Andrew Doss opened up for commissioner questions:
- Don Pierson requested that the task force send the PowerPoint: he said that though it's a work in progress, all input is greatly appreciated
- Jade Brown Russell thanked the task force leaders for the phenomenal work, and said to fellow commissioners that this particular task force had many interactions with other task forces.
- Andrew Doss opened up for questions from public
- Dorien Nunez commented that it was an amazing presentation in terms of depth. He asked if the task force planned to continue working together beyond commission? He also said the IDLE program has appeared to reopen and that PPE ends soon: What are you all planning to do to maximize. Kelisha replied that the task force plans to continue working together on various commissions, and will continue to work through items. Related to funding, the 300 million in CARES act, that program application process is being developed now. Hopefully those funds will be able to get out to our small businesses.

- Sec. Pierson said that it is important that LED and the task force are not strangers; LED is currently petitioning for more funding that we can be a conduit to be able to provide technical assistance, and a number of people on this call have provided support letters. A large degree of our success and recovery is dependent on successfully engaging in programs that have been made available.
- Terrie Sterling asked that a transcript from the meeting be available, in particular the finance discussion as it relates to housing.
- Terrie motioned to adjourn the meeting. Michael Lafitte seconded. Andrew adjourned the meeting at 11:22 a.m.