

# IMPROVING LOUISIANA'S BUSINESS CLIMATE

Louisiana's business climate consistently ranks among the worst in the nation. The state's heavy tax burden is already enough to stifle economic investment. Adding Louisiana's long-standing reputation as a legal swampland further discourages the economic growth needed in the state. Furthermore, the state's massive and inefficient regulatory environment serves as another major barrier to job creation and economic growth. Overly burdensome occupational licensing requirements artificially constrict the labor market and stifle entrepreneurship. Excessive red tape force businesses to spend too many resources complying with outdated rules.

The status quo is not acceptable. Louisiana is experiencing anemic job growth at a time when the country is thriving. The state unemployment rate is consistently higher than the national average, and Louisiana was one of only nine states to suffer a net decrease in population from July 2017 to July 2018. People flock to neighboring states while people flow out of Louisiana for better opportunity elsewhere.

The Pelican State needs policies that incentivize economic growth. Transformational regulatory and legal reforms that eliminate overregulation ensure impartiality in the legal system would send a strong signal that Louisiana is open for business.

## LEGAL REFORM

By nearly every measure, it is clear: Louisiana's civil justice system is broken. Lawsuit costs are among the highest in the nation. Louisiana families and businesses pay nearly \$7 billion in annual expenses related to tort litigation, which translates to an average of \$4,000 per household per year. In addition, the staggering cost of civil litigation is one of the root causes of job and revenue loss for the state. It is estimated excess civil litigation costs Louisiana more than 15,000 jobs every year. As of 2018, fiscal losses were estimated to be a round \$76.4 million in state revenue and \$64.3 million to local governments.

Louisiana is also the least affordable state in the country for auto insurance. According to the latest data published by the National Association of Insurance Commissioners, Louisiana has the highest auto insurance rates in the country, costing the average driver at least \$1,500 a year. Another recent study by Insure.com estimates Louisiana's auto insurance rates were 56 percent higher than the national average in 2018.

Due to a perceived lack of fairness, abusive and excessive litigation practices by some plaintiffs' attorneys, and ongoing concerns about judicial integrity, our state courts are nationally known as some of the worst places in the country to be sued.

- Louisiana ranked 50th out of 50 states in a biennial assessment of state liability systems published by the U.S. Chamber Institute for Legal Reform.
- Louisiana received "Fs" for judicial accountability, executive accountability, legislative accountability, public access to information and ethics enforcement in the 2015 State Integrity Index produced by the Center for Public Integrity.
- Louisiana has ranked as one of the nation's worst "judicial hellholes" nine years in a row, according to annual reports published by the American Tort Reform Association.

Louisiana's jarring reputation as a legal swampland should concern citizens, and policymakers alike. Thankfully, there are a myriad of ways Louisiana can reform its litigation policies to improve fairness, predictability and impartiality.

**Eliminate the Jury Trial Threshold** - Give citizens greater access to jury trials by eliminating Louisiana's \$50,000 barrier for obtaining a jury trial in civil cases.

**Enact Venue Reform**- Strengthen Louisiana’s venue laws to preclude lawyers from unreasonable forum shopping in state courts.

**Improve Transparency in Asbestos Litigation**- Enact trust transparency laws to ensure that basic information is disclosed to the courts prior to trial so that judges and juries can use it to properly compensate asbestos claimants.

**Cap Non-Economic Damages**- Enact the Full and Fair Noneconomic Damages Act and limit non-economic damages that can be awarded in civil cases to \$250,000.

**Increase Judicial Transparency**- Wholesale reforms should be enacted to ensure that members of the state judiciary are more accountable to taxpayers.

**End Predatory State Sponsored Litigation**- State sponsored litigation must be focused on protecting the public, not looking to cash in at the expense of one of the largest job creators in the state. The state should end the coastal lawsuits.

## REGULATORY REFORM

The Pelican Institute recognizes the need for smart government regulations that provides important societal benefits, such as ensuring workplace safety and protecting public health. However, it is clear that Louisiana’s overly burdensome regulatory system isn’t working the way it should. Over many decades, state government has built a complex web of rules and regulations that make it almost impossible, for businesses and entrepreneurs to thrive.

Louisiana is the only state in the country that requires florists to obtain an occupational license before they are allowed to arrange flowers for consumers. Louisiana also requires government permission slips for interior designers, hair braiders, and many other occupations that pose no risk to public health and safety. Similarly, protectionist laws dating back to the 1930s are negatively impacting growth in the craft beer brewing industry, which is thriving across the country but lags in Louisiana. When compared to other states and the District of Columbia, Louisiana ranks 40 out of 51 for the number of breweries per capita of adults 21 and older.

Louisiana’s burdensome regulations hinder the ability for hard-working Louisianan’s and their families to get ahead. Regulatory reforms that limit strict government mandates, save businesses time and money allowing more jobs and opportunity to flow into Louisiana, rather than fleeing it.

**Restore the Right to Earn a Living in Louisiana**- Transform Louisiana’s irrational and protectionist occupational licensing system and restore the proper balance between freedom and legitimate government regulation by enacting the Right to Earn a Living Act.

**Rein in the Authority of Government Bureaucrats**- Provide greater legislative oversight of proposed rules and regulations and take steps to curtail the authority of the unelected and unaccountable members of boards and commissions in order to minimize costs and ensure that regulations are constitutional and necessary.

**Improve Financial & Economic Impact Assessments**- Adopt an “economic analysis unit” to provide independent, evidence-based reports on the costs and benefits of proposed regulations. This data-driven approach relies upon credible cost-benefit analysis that is based on scientifically validated, publicly available data.

**Establish a Sunset Date for Regulations**- Enact a systematic process to review and eliminate unnecessary and/or outdated regulations that provide no public benefit.

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