

HOUSE COMMERCE COMMITTEE

Minutes of Meeting
1996 - 1997 Interim
February 4, 1997

I. CALL TO ORDER

Representative John Travis, Chairman of the House Commerce Committee, called the meeting to order at 10:15 a.m. in Committee Room 1 of the State Capitol in Baton Rouge, Louisiana.

II. ROLL CALL

MEMBERS PRESENT:

Representative John Travis,
Chairman
Representative Robert Barton
Representative Sydnie Mae Durand
Representative Dan Flavin
Representative Mickey Frith
Representative Butch Gautreaux
Representative Herman Hill
Representative Arthur Morrell
Representative Edwin Murray
Representative Gil Pinac
Representative Tank Powell
Representative Sharon Weston
Representative Tommy Wright (ad hoc)

MEMBERS ABSENT:

Representative Pete Schneider,
Vice Chairman
Representative Michael Michot

III. STAFF MEMBERS PRESENT

T. Michael White, Attorney
Cindy Mancuso, Attorney
Sandy Painting, Secretary
Evelyn Holden, Sergeant at Arms

IV. DISCUSSION

Representative Travis began the meeting by explaining to the committee members that the purpose of the sunset hearings was to determine whether or not certain departments should be reestablished.

Lt. Governor Kathleen Blanco, P. O. Box 44243, Baton Rouge, Louisiana 70804, (504) 342-7009, appeared before the committee and introduced Ms. Barbara Roy of the office

of tourism.

Ms. Barbara Roy, Louisiana office of tourism, P. O. Box 94291, Baton Rouge, Louisiana 70804, (504) 342-8125, appeared before the committee and gave a brief overview of the office of tourism. She stated that this office is currently working on bringing in more visitors to Louisiana and to keep them here longer. She stated that the current year's budget was \$15 million and that there were 66 full-time positions among four programs that made up the office of tourism. She gave an update on the welcome centers and their renovation progress. She stated that the Louisiana office of tourism had demonstrated an effective stewardship of the \$15 million dedicated to tourism promotion.

Lt. Governor Blanco provided the committee with a recap of the progress that the Louisiana office of tourism made over the last year. She stated that the tourism industry grew from what was a \$6 billion industry to what is now a \$6.6 billion industry and remains the number two industry in the state. She stated that an additional one and one-half million people visited our state, giving us a record number of 23 million visitors. She stated that for the first time in five years we saw an increase in international tourists coming to our state. She stated that our new tourism web site on the Internet received more than 100,000 hits in its first week. She stated that the office of tourism is working with several international airlines and domestic airlines to get more air service into Louisiana. She stated that eco tourism, i.e., outdoor recreation, is the fastest growing segment of our tourism industry, and due to this we have made serious investments in our state parks and are in the process of producing a new outdoor recreation guide. Lt. Governor Blanco also stated that the office of tourism is working on a pilot program for opening retirement communities. She talked about the advertising of Louisiana in travel and food magazines and the awareness it is creating.

A video of the new advertising campaign was presented to the committee which consisted of two 30-second television ads and one 60-second ad.

Representative Powell asked if the retired community projects were going to be available to Louisiana residents or just for retirees coming into Louisiana.

Lt. Governor Blanco replied that the retired community projects would be available to anyone over the age of 55, but that the one they are currently working on, England Oaks, is targeting military retirees since it was previously a military base.

Representative Powell asked Lt. Governor Blanco the status of the problems created by the Dateline television segment regarding drug interdiction laws and the seizing of personal property of motorists traveling in Louisiana.

Lt. Governor Blanco stated that there had been approximately 1,500 responses on the Dateline television segment regarding the seizure of personal property of motorists traveling in Louisiana.

Representative Murray asked if this issue would be handled in the 1997 Special Session.

Lt. Governor Blanco stated that this issue would not be handled in the Special Session due to the previous planned schedule.

Representative Wright asked Lt. Governor Blanco what response had been given to the 1,500 requests regarding the Dateline television segment.

Lt. Governor Blanco stated that each person who had made an inquiry about the Dateline television segment had been sent a thorough package of information along with a personal letter from her within 24 hours of the inquiry.

Representative Flavin stated that the local law enforcement in southwest Louisiana is currently working on making changes to prevent this type of negative segment from being aired on a national television show.

Representative Travis stated that we should work with local law enforcement to correct the problems reflected in the Dateline television segment.

Representative Barton asked the lieutenant governor where we stood in regard to allowing casinos to advertise in state literature.

Lt. Governor Blanco answered that casinos could purchase advertising like any other legal entity in Louisiana. She stated that casino gambling was mentioned in a broad context in the Louisiana tour guide.

Mr. Phillip Jones, Secretary, Department of Culture, Recreation and Tourism, P. O. Box 94361, Baton Rouge, Louisiana 70804, (504) 342-8117, stated that an agreement was reached to allow gaming advertising in any cooperative endeavors in which the Louisiana office of tourism participated such as the tour guide but not in any other advertising campaigns such as television or print ads.

Lt. Governor Blanco stated that the casinos are promoted equally in the tour guide due to their participation. She stated that another reason for not including casinos in other advertising campaigns was that they were waiting on the results of the gaming issues up for the next election.

Representative Barton asked if the limited advertising would be reevaluated now that the elections have passed.

Mr. Jones stated that the casino advertising issue would be reconsidered.

Representative Travis agreed with Representative Barton regarding the elections and the overwhelming passage of riverboat gambling. He stated that the gambling business should be allowed to participate in the advertising and promotion of Louisiana just like any other business.

Representative Durand thanked the office of tourism for their presentation and expressed the importance of the conditions and their renovations of the welcome centers and rest areas in Louisiana.

Representative Travis stated that the governor has agreed to focus on the renovations of four welcome centers and rest areas per year.

Representative Gautreaux asked the committee and the office of tourism to be reminded that the news media tends to blow things out of proportion in order to sell advertising and that although the Dateline segment was negative and unfortunate, everyone will not have a negative outlook on Louisiana.

Representative Travis stated that it was the intention of the Commerce Committee, the governor, and the tourism industry to remove the cap that was previously placed on the tourism funding.

At the request of Representative Travis, Representative Powell made a motion on behalf of the committee to recommend to the House Municipal, Parochial & Cultural Affairs Committee that the Louisiana office of tourism be re-created in the same legislation filed to re-create the Department of Culture, Recreation and Tourism. There was no objection and this motion was passed by a vote of 10 yeas and 0 nays. Those voting yea were Representatives Travis, Barton, Durand, Flavin, Frith, Gautreaux, Hill, Pinac, Powell, and Wright.

Mr. Harold Price, Assistant Secretary, Office of Commerce and Industry, Department of Economic Development, P. O. Box 94185, Baton Rouge, Louisiana 70804-9185, (504) 342-5361, appeared before the committee and gave a brief overview of the department and referred to a handout which was distributed to the committee (see attachment "A"). He stated that there was a total of approximately \$5 billion in new business for the state this year. He stated that the purpose of the Department of Economic Development was

to seek new business in the state and expanding business which is already in Louisiana.

Representative Durand asked if follow-ups were done on businesses that benefited from the Enterprise Zone Program regarding the rules of the program and whether or not they were being followed.

Mr. Price stated that it was required by law that all businesses benefitting from the Enterprise Zone Program must file a report by December 31 of each year with their employment level.

Representative Travis questioned the status of the tax exemption issue regarding businesses such as Wal-Mart and Kmart receiving tax exemptions.

Mr. Price stated that the governor's office had advised that local government should determine whether or not these types of businesses should be approved for tax exemptions.

Representative Murray asked if the funds requested for the incubator program had been received.

Mr. Ron Henson, Department of Economic Development, P.O. Box 94185, Baton Rouge, Louisiana 70804, (504) 342-5361, appeared before the committee to respond to Representative Murray's question. He stated that the funds requested for the incubator program have not been received.

Representative Murray asked if any changes had been made regarding a request by the Cosmetology Board for additional compensation days.

Mr. Henson stated that the Cosmetology Board was under new leadership and that new legislation had been requested to reduce the membership of the board along with other changes which would not increase compensation days.

Representative Murray asked if Mr. Henson would provide him with a budget for the past year showing the amount of funds actually received.

Representative Murray asked if a decrease in revenues was expected this fiscal year by the Louisiana Racing Commission due to other forms of gaming allowed in the state.

Mr. Sidney Schmitt, Chief Auditor, Louisiana Racing Commission, 320 North Carrollton Avenue, Ste. 320, New Orleans, Louisiana 70119, (504) 483-4000, appeared before the committee to respond to Representative Murray's question. He stated that a decrease in revenues was expected this fiscal year due to live racing days being reduced at Louisiana Downs.

Representative Murray asked Mr. Schmitt if racetracks were allowed to advertise regarding their video poker machines and if food and beverages were served to these customers at no charge.

Mr. Schmitt stated that advertising of video poker machines was allowed and that food and beverages could be served at no charge to the customers of the video poker machines.

Representative Morrell asked Mr. Schmitt if he knew the number of video poker machines at the various tracks.

Mr. Schmitt stated that there are approximately 1,200 video poker machines at the various tracks but that he was not positive of this number.

Representative Pinac stated that he had a problem with the large companies such as Wal-Mart receiving the tax exemptions, as the intent of the law was to help small businesses and asked for a meeting with Mr. Price to discuss this problem.

Mr. Price stated that he would be more than happy to discuss this issue with Representative Pinac.

The committee recessed until 1:30 p.m.

The committee reconvened at 1:45 p.m.

Mr. Ron Henson gave a brief overview of the department's budget for '96-'97. He stated that the current budget for the office of the secretary and the office of commerce and industry is \$9.5 million with 121 employees.

Representative Murray inquired about the Economics America program and its purpose.

Mr. Henson stated that the Economics America program provided for the teaching of

economics in the elementary/secondary classroom.

Representative Murray asked the amount of the contract for the Economics America program.

Mr. Henson stated that the contract was \$47,000 per year and that he would provide Representative Murray with additional information on the Economics America program.

Representative Powell inquired about the \$250,000 appropriation provided to the Independence Bowl and how it was placed under the Department of Economic Development.

Mr. Henson stated that there was an amendment drafted several years ago that placed this issue under the Department of Economic Development and that the money was used for promotional reasons.

Representative Powell asked if the contract for the Economics America program was required to go through the normal bidding process for contracts.

Mr. Henson stated that due to the amount of the contract, it was not required to go through the normal bidding process.

Mr. Kevin Reilly, Secretary, Department of Economic Development, P.O. Box 94185, Baton Rouge, Louisiana 70804, (504) 342-5388, appeared before the committee to respond to Representative Powell. He stated that this contract was a continuation of an existing program but that he had not followed up on the program since it began. He assured Representative Powell that he would look into this matter further.

Representative Powell stated that he did not feel this program was necessary.

Representative Travis asked Mr. Reilly to look into this program and report to the committee with further details.

Mr. Henry Stamper, Executive Director, Economically Disadvantaged Business Development Program, Department of Economic Development, P.O. Box 94185, Baton Rouge, Louisiana 70804, (504) 342-5373, appeared before the committee and stated that the final rules for the Economically Disadvantaged Business Development Program were published on January 20, 1997. He stated that the first task of the program would be to produce the Contractors Accreditation Institute. He stated that approximately 240 construction contractors around the state would be trained at the institute.

Representative Morrell asked if bonding assistance would be provided for the contractors once they were trained.

Mr. Stamper stated that bonding assistance would be provided.

Representative Powell asked if local agents would be excluded from issuing bonds since a Texas company has been brought on board to issue the bonds to these contractors.

Mr. Stamper stated that the Texas company was the only company that had offered a package satisfactory to the department at this time.

Mr. Brett Crawford, Executive Director, Louisiana Economic Development Corporation, P.O. Box 44153, Department of Economic Development, Baton Rouge, Louisiana 70804, (504) 342-5675, appeared before the committee and stated that the bonding approach to be used for the contractors is an opportunity for a small contractor to rent equity needed to qualify for a bond. He stated that the Texas firm is a construction management company that will provide consolidated and coordinated technical assistance which will guide the contractor through the process of bidding for a contract and performing on that contract.

Mr. Larry Murray, Commissioner, and Ms. Doris Gunn, Deputy Commissioner, Louisiana Office of Financial Institutions (OFI), 8660 United Plaza Blvd., Baton Rouge, Louisiana 70809, appeared before the committee and gave a brief overview of the office of financial institutions (see attachment "B").

Representative Travis asked why the growth in mortgage brokers was decreasing.

Ms. Gunn stated that most of the decrease was due to the change in the definition of a consumer loan broker and that eventually mortgage brokers will be designated as consumer loan brokers.

Representative Weston inquired about the authenticity of refund anticipation loan facilitators.

Mr. Murray stated that regulations issued by OFI are now controlling the refund anticipation loan facilitators but were currently being looked at regarding their necessity.

Representative Weston questioned if the credit repair services were advantageous as business for our state.

Mr. Murray stated that the credit repair services had received a negative response and that the office of financial institutions was in the process of looking into ways to improve the regulation of them.

Ms. Toni Ibert, Chairman, State Board of Cosmetology, 11622 Sunbelt Court, Baton Rouge, Louisiana 70809, (504) 756-3404, appeared before the committee and stated that it was the board's goal to turn the cosmetology industry around and implement changes to make the industry as it should be and can be. She stated that one of the first changes would be to decrease the board membership.

Mr. Billy Yelverton, Acting Director, State Board of Cosmetology, 11622 Sunbelt Court, Baton Rouge, Louisiana 70809, (504) 756-3404, stated that he appreciated the support of the committee and that the board intended to work very hard to accomplish the new goals of the board.

Representative Murray asked if the board planned to make changes to meet their new goals within their existing budget.

Ms. Ibert stated the board's plans could be done within the existing budget.

Mr. Ronnie Navarro, Vice Chairman, State Board of Cosmetology, 11622 Sunbelt Courts, Baton Rouge, Louisiana 70809, (504) 756-3404, stated that the new changes would be implemented within the existing budget. He stated that most job descriptions would be changed but that no new jobs would be created and additional funds should not be necessary.

V. OTHER BUSINESS

There was no other business discussed.

VI. ANNOUNCEMENTS

There were no announcements.

VII. ADJOURNMENT

There being no further business, the meeting was adjourned at 3:05 p.m.

Respectfully submitted,

John Travis, Chairman

Date Approved: _____