

COVID-19 Developments and State of Affairs: Louisiana and New Orleans/Baton Rouge Regions

March 20, 2020

The past two weeks in Louisiana have been filled with constant new developments and news articles related to the rapid spread of the novel coronavirus and COVID-19, the illness the virus causes. In response, Louisiana Governor John Bel Edwards, New Orleans Mayor LaToya Cantrell, Baton Rouge Mayor Sharon Weston Broome, and other officials in the state have issued proclamations regarding COVID-19 and how it will affect business and government operations, events, taxes, prescriptive periods, and evictions.

Protections, Closures, Cancellations, and Legal Deadlines

On March 11, 2020, Mayor Cantrell issued a proclamation stating that, subject to legal limits, the City is empowered to “[s]uspend or limit the sale, dispensing, or transportation of alcoholic beverages, firearms, explosives, and combustibles”. The proclamation also stated that the City has the power to make provisions for the availability and use of temporary emergency housing, if necessary. Furthermore, she directed the New Orleans Police and Fire Department Superintendents to take all necessary steps within legal bounds to ensure that no looting or arson occurs within any area ordered evacuated.

On March 16, 2020, Governor Edwards issued a proclamation declaring a Public Health emergency and ordering that any gathering of 50 people or more be postponed or cancelled. Moreover, as of Tuesday, March 17, 2020, the following types of businesses were ordered to be closed until April 12, 2020, unless the restriction is lifted earlier: casinos, video poker establishments, movie theaters, bars, bowling alleys, fitness centers and gyms, restaurants, cafes, and coffee shops. Restaurants, cafes, and coffee shops may continue take out, drive-thru, and delivery services. Furthermore, all legal deadlines and other deadlines, including liberative prescription (statutes of limitations) and peremptive periods applicable to legal proceedings in all Louisiana state courts, administrative agencies, and boards, are suspended until at least Monday, April 13, 2020.

On March 19, 2020, the Orleans Parish Civil District Court building closed indefinitely after a litigant who was there on March 13 tested positive for COVID-19. Last week, the court said it would postpone all trials and conduct many hearings on briefs alone, but the building remained open and some employees were still reporting to work.

The 19th JDC will also be closed until Monday, April 13, 2020. Only emergency orders will be allowed (e.g., TROs).

State and Local Tax

On March 17, 2020, the Mayor-President of the City of Baton Rouge, Sharon Weston Broome, issued a proclamation extending the time for filing East Baton Rouge local sales tax returns for 30 days. Returns for the period of February 2020 and March 2020 have been extended and will be considered timely if filed on or before April 20, 2020 and May 20, 2020, respectively.

Additionally, on March 17, 2020, Mayor Cantrell announced the City of New Orleans would waive all fines, fees, interest, and penalties for late sales tax payments due to the City for the next 60 days. This is intended to make sure businesses have the money on hand to keep paying their employees while state and City closures are in place during the height of the outbreak. Mayor Cantrell also said the City will extend the renewal period for alcohol licenses up to 30 days without penalty.

The Louisiana Workforce Commission announced on March 19, 2020 that Louisiana employers have a two-month deferral on paying their first quarter state unemployment tax payments and state sales and excise taxes, extending the deadline to June 30. However, employers still must submit first quarter wage and tax reports with the agency by April 30, but payment of the associated taxes will be deferred until June 30, 2020.

The Louisiana Department of Revenue gave businesses additional time – until May 20 – to turn in the sales, beer excise, and wine excise taxes they collected in the month of February. The tax returns and payments would have been due on March 20, but if all payments are received by May 20, the Louisiana Department of Revenue will waive all penalties and interest payments.

Suspension of Residential Evictions & Water Service Shut Offs

On March 17, the Orleans Parish Civil District Court issued an order stating that the City's eviction courts will not be hearing any eviction cases until April 13. This order goes further than some other cities that are considering suspending evictions only for tenants who can provide documentation showing a substantial loss of income related to the virus. It also goes further than New York City's moratorium, which, as of this writing, is in effect for one week only.

The New Orleans Sewerage and Water Board announced on March 12, 2020 that it would suspend service shut offs for the duration of the emergency declaration by Mayor Cantrell.

Suspension of Evictions and Terminations

On March 18, 2020, The Housing Authority of New Orleans (HANO) suspended all Housing Choice Voucher (HCV) inspections except for inspections to remove abatements, emergency inspections, and initial inspections. In addition, HANO will not be processing any evictions or terminations through April 30, 2020.

The practical effect of Governor John Bel Edwards's proclamation on March 16, 2020 suspending all legal deadlines until at least Monday, April 13, 2020, is that residential and commercial Landlords will be unable to exercise the remedy of eviction for any tenant violations under the lease during the suspension. Notwithstanding this fact, the suspension does not suspend a tenant's obligation to pay rent or otherwise abide by the terms of the lease. Nothing in the proclamation prohibits Landlords' ability to re-take possession of the leased premises if they are abandoned.

Additionally, on March 18, 2020, the U.S. Department of Housing and Urban Development (HUD) authorized the Federal Housing Administration (FHA) to implement an immediate prohibition on foreclosure and eviction for homeowners with FHA-insured single-family mortgages for the next 60 days. On that same day, the Federal Housing Finance Agency directed Fannie Mae and Freddie Mac to suspend foreclosures and evictions for at least 60 days for all homeowners with a Fannie Mae or Freddie Mac-backed single-family mortgage.

Future Effects

Cantrell and other officials will need to cut spending, which could lead to workforce reduction. Prior to the pandemic, New Orleans has had financial challenges from responses to the partial collapse of the Hard Rock hotel on Canal Street and the cyberattack in December 2019, costing the City millions. Furthermore, the cost of responding to COVID-19 is already around \$1.5 million. Another financial hit for New Orleans will be the sharp decreases in the City's largest source of revenue – sales taxes. About half of the City's total revenue comes from tourism-related sources, and with New Orleans Jazz and Heritage Festival and French Quarter Festival both being rescheduled, there are significant concerns about the economic effects of COVID-19. As a result, Cantrell urged businesses who are continuing to operate to continue to pay sales taxes on time.

The legislature is currently in recess but will reconvene on March 31. We will continue to monitor legislative developments related to the pandemic.

This article is a high-level summary of the effects COVID-19 has had on the State of Louisiana and is not an exhaustive list of developments from the spread of COVID-19. If you need any more information about state and local implications of the pandemic, please reach out to your attorney at Fishman Haygood contact or any of the attorneys listed below.

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