

Office of the Governor
State of Louisiana

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GOVERNOR



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June 12, 2020

VIA HAND DELIVERY

Honorable Clay J. Schexnayder
Speaker of the House
Louisiana House of Representatives
Post Office Box 94062
Baton Rouge, Louisiana 70804-9062



House of Representatives
Clerk's Office

RE: Veto of House Bill 313 of the 2020 Regular Session

Dear Speaker Schexnayder:

Please be advised that I have vetoed House Bill 313 of the 2020 Regular Session.

House Bill 313 would have effectively eliminated the Single Business Enterprise Doctrine, a jurisprudential doctrine that allows courts to consider closely related businesses to be a single business entity when attempting to impose liability or collect debts. This rarely used and difficult to prove doctrine is designed to prevent bad actors from establishing undercapitalized shell corporations in an effort to avoid creditors and shirk public obligations. Such a significant change in this doctrine could make it more difficult for creditors to pursue their claims and could inadvertently hurt small businesses, independent contractors, investors, and pension funds in Louisiana.

Additionally, some of the language of House Bill 313 could lead to confusion and possible unintended consequences. For example, the proposed La. R.S. 12:1705(C) defines "business organization" to include a trust. According to the Louisiana Trust Code (La. R.S. 9:1721, *et seq.*), a trust is a contractual fiduciary relationship — not a distinct juridical person or "business organization." If House Bill 313 were to become law, the potential unintended, unforeseen, and unstudied consequences of such a change in our law would be problematic and unjustified.

Sincerely,

A handwritten signature in black ink, appearing to read "John Bel Edwards".

John Bel Edwards
Governor

cc: Honorable Patrick Page Cortez
Louisiana Senate President