



THE ECONOMIC IMPACT OF DISCRIMINATORY LEGISLATION ON THE STATE OF TEXAS



TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
SETTING THE STAGE: THE NATIONAL LANDSCAPE	3
BACKGROUND ON TEXAS RELIGIOUS FREEDOM RESTORATION ACT	6
METHODOLOGY	8
STUDY 1: QUANTITATIVE DATA/EXTRAPOLATION FROM OTHER STATES..	10
STUDY 2: QUANTITATIVE DATA FROM TEXAS BUSINESSES.....	15
SUPPLEMENTAL RESEARCH.....	16
ARIZONA	16
FLORIDA	16
GEORGIA	16
MISSISSIPPI	17
NORTH CAROLINA	17
SOUTH DAKOTA.....	18
GENERAL TRAVEL AND TOURISM IMPACT	18
CONCLUSION	19
APPENDICES	20

EXECUTIVE SUMMARY

The Texas Association of Business commissioned two separate studies on the potential economic repercussions of Texas state legislators advancing an amended Texas Religious Freedom Restoration Act (TRFRA) in the 85th Legislative Session, which will commence in January 2017.

The studies were conducted by researchers at St. Edward's University in Austin. One study collected and analyzed quantitative data reflecting attitudes of Texas businesses; the second amassed quantitative and qualitative data gleaned from case studies of other states that have enacted legislation related to religious liberty.

Additional research supplemented the two studies, focusing on documented economic impact in other states that chose to enact or veto discriminatory legislation, including “bathroom bills” and laws limiting local control of non-discrimination ordinances.

The purpose of the research and this report is to inform state legislators, policymakers, key influencers, the business community, the media and Texas voters about potential effects on the state of Texas' economic health should such legislation pass in 2017 or beyond.

In summary, the studies demonstrate that discriminatory legislation could:

- Result in significant economic losses in Texas' GDP, with estimates ranging from \$964 million to \$8.5 billion
- Result in significant job losses with estimates as high as 185,000 jobs
- Substantially hamper the state's ability to attract, recruit and retain top talent, especially among Millennials
- Drastically impact convention and tourism industry, which has a direct economic impact of \$69 billion, generates more than \$6 billion in state and local tax revenues, and directly and indirectly supports more than 1.1 million Texas jobs (Economic Development and Tourism, Texas Governor's Office, 2015)
- Serve as a catalyst for domestic and global companies to choose other states over Texas to start or expand their business.
- Alienate large, globally recognized businesses, including Apple, Google, Starbucks, British Petroleum, Marriott, IBM, PayPal and the National Football League, which have opposed this amendment and similar ones
- Allow for an expansion in discrimination, which is counter to prevailing public opinion and conflicts with corporate policies that prioritize diversity and inclusion in the workplace.

Based on the findings from the commissioned studies and data from other states, the Texas Association of Business strongly opposes any legislation that would broaden the current Texas Religious Freedom Restoration Act or other discriminatory legislation that would impact workforce recruitment and/or cause a negative economic impact on the state.

Additionally, TAB recommends the active engagement of the Texas business community to inform legislators about the harmful effects to their businesses that would result from the discriminatory legislation.

SETTING THE STAGE: THE NATIONAL LANDSCAPE

The genesis of most religious freedom bills is the Religious Freedom Restoration Act (RFRA) of 1993, a United States federal law that “ensures that interests in religious freedom are protected.” Largely crafted to protect the interests of Native Americans at the time, portions of the law were ruled unconstitutional by the Supreme Court in 1997.

Since 1993, more than 20 states have enacted religious freedom laws and amendments modeled after the RFRA, including Texas. According to the National Conference of State Legislatures, 10 other states are considering legislation and 11 states interpret their respective constitutions to including RFRA-like protections. The Human Rights Campaign has tracked more than 200 anti-LGBT bills in 32 states.

While focused on allowing churches, businesses and non-profit organizations the freedoms to choose whom they employ or serve, according to critics, these bills are targeted at eliminating discrimination protections for the lesbian, gay, bisexual and transgender (LGBT) communities.

There have been many watershed moments in our nation’s history related to discrimination, the most recent of which was the Supreme Court’s ruling on June 26, 2015, legalizing same-sex marriage in all 50 states and potentially contributing, in part, to the rise in anti-LGBT sentiment and legislation.

Two of the most significant legislative bills passed include:

- In April 2016, **Mississippi Governor Phil Bryant** signed into law House Bill 1523 – known as the “Protecting Freedom of Conscience from Government Discrimination Act” – viewed as one of the country’s strictest religious freedom bills. HB 1523 allows businesses to legally deny service to LGBT customers on the basis of “sincerely held religious beliefs or moral convictions.” The law also requires the state to reject the authentic gender identity of transgender individuals in all official records.
- In March 2016, **North Carolina Governor Pat McCrory** signed into law House Bill 2, establishing a statewide anti-discrimination policy, banning employers and businesses from discriminating against employees or customers on the basis of race, color, origin, religion, age or “biological sex.” No provisions were included for LGBT persons. The bill further prohibits local governments from passing any non-discrimination policy that exceeds the statewide standard. Additionally, schools would be prohibited from allowing transgender people to use the restroom that represents the gender with which they identify.

Accommodating the needs of transgender individuals, particularly in U.S. schools, has become a polarizing issue, which is fueling additional political interest in LGBT non-discrimination initiatives. Texas Attorney General Ken Paxton filed a motion in U.S. District Court in July 2016 on behalf of a 13-state coalition that includes Alabama, Arizona, Georgia, Kentucky, Louisiana, Maine, Mississippi, Oklahoma, Tennessee, Utah, West Virginia, Wisconsin and our own state, Texas. The motion asks the federal court to prevent the federal government from enforcing President Obama's May 2016 directive to U.S. public schools to let transgender students use the bathrooms and locker rooms consistent with their gender identity.

In response to lawmakers' efforts to strengthen religious freedom legislation, a number of non-profit organizations and independent think tank institutions have increased efforts to inform the public and drive legislative reform related to non-discrimination protections. The Human Rights Campaign is a long-time champion of equality for lesbian, gay, bisexual, transgender and queer persons, with more than 1.5 million members and supporters. (Human Rights Campaign, 2016). The Williams Institute of the University of California Los Angeles (UCLA) School of Law is one of the preeminent think tanks dedicated to conducting rigorous, independent research on sexual orientation and gender identity law and public policy. The institute "produces high-quality research with real-world relevance and disseminates it to judges, legislators, policymakers, media and the public" (The Williams Institute, 2016).

Nationally and regionally, one of the strongest advocate bases has been the business community, which in several states has played a significant role in stopping anti-LGBT laws from advancing – the very laws allegedly meant to empower these businesses and give them more freedoms. In states with such bills on the books, companies and big corporations with regional presences have warned that these laws are bad for each state's economy and could potentially lead to discrimination lawsuits. Further, some companies have indicated that they might change expansion plans and/or reverse relocations plans in states where these laws are either under consideration or have taken effect.

Companies across the nation and around the globe are joining forces to fight discrimination. An example of a coordinated private-sector effort is Texas Competes (www.TexasCompetes.org), a voluntary "partnership of business leaders committed to a Texas that is economically vibrant and welcoming of all people, including lesbian, gay, bisexual, and transgender (LGBT) people." Texas Competes is not a political or lobbying organization, but rather a collection of businesses committed to educating the public about the positive benefits of Texas having a brand for being inclusive to LGBT people to our state's economic competitiveness, including:

- Attracting entrepreneurs and company relocations

- Maintaining a strong travel and tourism industry
- Attracting the best talent to the state

As of December 2016, nearly 1,200 companies had signed the Texas Competes Pledge, which states the companies' commitment to promoting a competitive, economically vibrant Texas.

Among those signing the pledge are:

<i>Microsoft</i>	<i>Texas Instruments</i>	<i>Whole Foods Market</i>
<i>Google</i>	<i>Marriott</i>	<i>American Airlines</i>
<i>Southwest Airlines</i>	<i>IBM</i>	<i>Dell</i>
<i>Intel</i>	<i>BBVA Compass</i>	<i>Hilton Worldwide</i>
<i>Samsung</i>	<i>GameStop</i>	<i>United Airlines, Inc.</i>
<i>T Mobile</i>	<i>Starwood Hotels & Resorts</i>	<i>Apple</i>
<i>Sabre</i>	<i>Texas Hotel & Lodging Assoc.</i>	<i>Dow</i>
<i>jetBlue</i>	<i>SeaWorld</i>	<i>Alaska Airlines</i>
<i>Allstate Insurance Company</i>	<i>Tenet Healthcare</i>	<i>IKEA</i>
<i>Hewlett Packard Enterprise</i>	<i>Capital One</i>	<i>Children's Health</i>
<i>Neiman Marcus Group</i>	<i>Waste Management</i>	<i>Comerica Bank</i>
<i>Kimberly-Clark</i>	<i>Meeting Professionals Int'l</i>	<i>Baker Botts</i>
<i>InterContinental Hotels Group</i>	<i>GSD&M</i>	<i>Clean Line Energy Partners</i>
<i>SXSW Music Film Interactive</i>	<i>SunPower</i>	<i>Capital Factory</i>
<i>HomeAway</i>	<i>Entrepreneurs Foundation</i>	<i>Vinson & Elkins LLP</i>
<i>Bracewell</i>	<i>Weil Gotshal & Manges, LLP</i>	<i>Corning</i>
<i>Thompson & Knight</i>	<i>Amegy Bank of Texas</i>	<i>ASAE</i>
<i>Texans for the Arts</i>	<i>Haynes and Boone LLP</i>	<i>Jackson-Walker</i>
<i>Indeed</i>	<i>Fiesta Restaurant Group</i>	<i>Locke Lord</i>
<i>AMD</i>	<i>Silicon Labs</i>	<i>Applied Materials</i>
<i>Salesforce</i>	<i>Virgin America</i>	<i>WP Engine</i>
<i>Littler</i>	<i>Process Control Outlet</i>	<i>United Parcel Service</i>
<i>Strasburger & Price, LLP</i>	<i>El Paso Electric Company</i>	<i>BHP Billiton</i>
<i>Sabre</i>	<i>Sysco</i>	<i>Associa</i>
<i>AECOM</i>	<i>Dean Foods</i>	<i>Alliance Data</i>

BACKGROUND ON TEXAS RELIGIOUS FREEDOM RESTORATION ACT (TRFRA)

The current Texas Religious Freedom Restoration Act (TRFRA) legislation was enacted during the 76th Texas Legislative Session in 1999 and became effective August 30, 1999. The legislation was viewed widely as both bi-partisan and non-controversial. The principal language reads as follows:

"Free exercise of religion" means an act or refusal to act that is substantially motivated by sincere religious belief. In determining whether an act or refusal to act is substantially motivated by sincere religious belief under this chapter, it is not necessary to determine that the act or refusal to act is motivated by a central part or central requirement of the person's sincere religious belief.

During the 84th Legislative Session in 2015, a number of legislators attempted to advance bills that would strengthen the language of the law. Specifically, amendments sought to remove the onus of "substantial burden," allowing for any burden, which, in turn, enables much broader interpretations and freedoms for business owners and individuals.

An example of proposed language follows:

"Government may not burden an individual's or religious organization's freedom of religion or right to act or refuse to act in a manner motivated by a sincerely held religious belief unless the government proves that the burden is in furtherance of a compelling governmental interest and is the least restrictive means of furthering that interest. For purposes of this subsection, the term "burden" includes indirect burdens such as withholding benefits, assessing penalties, and denying access to facilities or programs."

In addition to amending the language, legislators sought to incorporate it into the Texas Constitution. As a constitutional amendment, it would override local ordinances which currently protect against discrimination. While these efforts were unsuccessful in 2015, indications are that similar legislation will be pursued again in the upcoming session.

While supporters of such initiatives seek to enhance an individual's or business' ability to refuse service based on religious beliefs, critics assert that the initiatives create more opportunity for discrimination and, in large part, focus on beliefs about sexual orientation.

Regardless of the motivations behind stricter laws, it is clear that subsequent legislation can and will exact a high cost: Since 2010, the Equal Employment Opportunity Commission

has recovered \$400 million in damages as a result of religious discrimination lawsuits (EEOC, 2015).

Equally important – as this report will demonstrate – such legislation could exact significant economic and social costs and have direct and lasting impacts on the state’s ability to recruit and retain business and attract a talented, vibrant workforce.

METHODOLOGY

In an effort to assess the potential economic impact of amended TRFRA legislation, the Texas Association of Business (TAB) commissioned two separate studies in 2015 and 2016. These studies were conducted at St. Edward's University, an independent, Texas-based institution recognized as one of the "Best Colleges in the West" by U.S. News & World Report. Research oversight was provided by faculty of the Graduate Program at the School of Business. Research was conducted by MBA candidates employed at a range of companies, including Apple, HP, Keller Williams Commercial, ThyssenKrupp and Wells Fargo.

The two commissioned studies utilized different sources of data to approach the problem statement, namely that:

- Some Texas legislators are proposing to amend the current Texas Religious Freedom Restoration Act, which does not allow discrimination unless there is a substantial burden on the business
- Doing so may have unintended consequences related to public perception of our state, our people and our businesses, as well as directly impact the economic health Texas, which is currently ranked as the top state in which to do business

Study 1: Discrimination and the Texas Economy

In the first study, which was completed in October 2015, researchers extrapolated the potential effects of stronger legislation on the Texas economy, based on actual or predicted outcomes documented in Arizona, Indiana and Louisiana. The research team used a direct percentage comparison to guide conclusions; in the event that no equivalent measures existed, the team used a "breaking" factor of 3 percent, applied to either growth or overall value. This figure was deemed conservative since the LGBT population of Texas is estimated at approximately 3.3 percent of all residents.

Study 2: The Religious Freedom Restoration Act: Attitude Survey of Texas Businesses

In the second study, which was completed in April 2016, the research team assessed the general opinion of Texas businesses regarding the potential passage of an amendment to the TRFRA. Researchers surveyed a randomly selected group of 2,500 businesses and achieved a 5.12% response rate. It should be noted that since the mix of respondents was heavily weighted toward small businesses relative to large businesses in a ratio of 95:5, the findings of the second study reflect a small share of the potential economic impact because the major employers (large corporations) are under-represented in the sample.

Supplemental Research

To supplement the research conducted by the St. Edwards University teams, the Texas Association of Business reviewed additional research, case studies and media coverage related to expanded discriminatory legislation in other states. The goal was to ensure the most current reporting of legislation and resulting impacts were included in any final analysis, conclusions and recommendations.

STUDY 1: QUANTITATIVE DATA/EXTRAPOLATION FROM OTHER STATES

This study reviewed outcomes (actual and predicted) resulting from aggressive anti-LGBT legislation found in Arizona, Louisiana and Indiana. Based on the data reviewed, it was estimated that the economic impact to Texas of amended legislation could range from \$964 million to \$8.5 billion. A summary of findings is included in this section.

Public Perception on LGBT Protections

Texas is consistently rated as one of the top states in which to do business (Chief Executive Magazine, 2015), yet the Williams Institute has ranked Texas as 40th in the nation in terms of its social climate. Seventy-nine percent of LGBT individuals in Texas report having been harassed or mistreated; 26 percent report they have lost a job because of their sexual orientation.

This raises the question as to whether perceived anti-LGBT legislation – which has been in place since 1999 – is, in fact, translating to a loss of business, since Texas is considered one of the best states in which to do business.

The answer to this question lies in the change in public opinion on LGBT protections over the last 15 years. A majority of the country, including conservative groups, supports LGBT protections (Jones, et al, 2014):

Support of LGBT Workplace Protections (Non-LGBT Respondents)

Democrats	Republicans	Independents	Tea Party
79%	61%	75%	57%

Specifically, Texas residents are now overwhelmingly in support of LGBT discrimination protection. The Williams Institute found that 73 percent of Texans were in favor of such measures at the Federal level (Mallory, et al, 2015).

In addition, there has been a significant shift in U.S. opinion towards same-sex marriage, attributable in large part to the Millennial generation and younger, which is becoming more progressive on such issues. The tipping point occurred in 2012, when those supporting same-sex marriages and in their receiving the same rights as traditional marriages flip-flopped from the minority to the majority, a trend that has continued.

Globally, consumers in the U.S. and the United Kingdom were surveyed about support of businesses, workplaces and travel destinations that were perceived to have restrictive anti-

LGBT laws (Miller, et al, 2014). This data suggests that stricter legislation could have substantial impacts both on business and the travel/tourism industry, which according to SelectUSA generated nearly \$1.6 trillion in economic output in 2015, including supporting 8.1 million U.S. jobs.

Attitudes toward countries and businesses with anti-gay laws

Likely to boycott companies working in countries with anti-gay laws	48% agree
Unlikely to work for a company that does business in a country with anti-gay laws	52% agree
Unlikely to vacation in a country with anti-gay laws	51% agree

Business Perception

As noted above, the business community is increasingly engaging in the discussion and advocacy for LGBT protections. More than 90 percent of FORTUNE 500 companies have policies in place prohibiting discrimination on the basis of sexual orientation (Human Rights Campaign, 2015). This is not an insignificant number as Texas is currently home to 54 FORTUNE 500 headquarters (FORTUNE, 2015).

CEOs of global-leading companies, including Tim Cook from Apple, Arne Sorenson of Marriott, and Randall Stephenson of Dallas-based AT&T, have all publicly opined on the issue, in essence deeming any form of discrimination as “bad for business.”

Data Extrapolation: Arizona

Background:

In 2014, the Arizona legislature attempted to pass Senate Bill 1062, which would have allowed businesses to deny service on religious grounds. It was passed by both the Senate and the House, but vetoed by Governor Jan Brewer in February 2014. Prior to the veto, several large businesses expressed formal opposition to the bill, including the National Football League, which threatened to take the Super Bowl to another state, at a potential cost of \$500 million. Estimates of costs incurred over the course of three years in cancelled conventions and travel costs equaled \$140 million (Merrill, 2014).

Correlated Impact in Texas:

The estimated impact if similar legislation were to pass in Texas could be as high as \$964 million over three years:

- Houston is scheduled to host the 2017 Super Bowl. LGBT activists have lobbied for the National Football League to move the event, but it will continue as planned
- As Texas' travel and tourism industry is three times larger than Arizona's (Dean Runyan Associates, 2015), the potential drop in tourism could amount to \$464 million over three years
- This equates to a loss of approximately 12,000 jobs

Data Extrapolation: Louisiana

Background:

In early 2015, the Louisiana Legislature attempted to pass House Bill 707, known as the Marriage and Conscience Act, which would have protected businesses from negative consequences should they refuse service on religious grounds. While the bill was defeated, Governor Bobby Jindal passed an Executive Order extending the same provisions. [NOTE: Governor John Bel Edwards rescinded the Executive Order on April 13, 2016.]

The City of New Orleans, frequently ranked in the top 5 of best cities to travel to, predicted that Gov. Jindal's actions would result in 85 percent of the city's top conventions not returning to the city (Jainchill, 2015), and the potential sales tax revenue loss would be approximately \$65 million (Lane, 2015).

Correlated Impact in Texas

The estimated impact if similar legislation were to pass in Texas could be as high as \$1 billion:

- In Houston alone, the convention industry brought in \$485 million in revenue in 2014. An 85 percent loss would equate to \$412 million (Visit Houston, 2015)
- A similar drop in state sales tax revenue would equate to \$657 million (Helger, 2015)
- This equates to a loss of approximately 26,000 jobs

Data Extrapolation: Indiana

Background:

In 2015, the Indiana Legislature passed into law Senate Bill 101, which allowed businesses to refuse service due to objections on religious grounds. Intense negative reaction ensued:

- The CEOs of nine companies with significant presences in Indiana wrote to Governor Mike Pence and state legislators urging them to “take immediate action” to ensure the law could not be used to discriminate against persons “based on sexual orientation or gender identity”
- Salesforce.com and Angie’s List took concrete steps to reduce their investments in the state
- The governors of Connecticut and Washington and the mayor of San Francisco barred official travel to the state
- Two convention sponsors indicated they would take their business to another state
- The California Endowment, a \$3.5-billion institutional investor, wrote to the CEOs of Lilly and Anthem warning that if the measure stood, the institution would consider disinvesting from them and other Indiana companies

Under intense pressure, the Indiana Legislature consequently amended the language of the law to specifically protect LGBT persons. Yet, the resulting fallout was profound: The economic impact was calculated as \$1.5 billion in short-term losses alone (Petersen, 2015).

The National Collegiate Athletic Association (NCAA) expressed serious concerns over hosting events in a state where some of their players would not be welcome. Similarly, Apple CEO Tim Cook penned an op-ed piece criticizing the measure.

More directly, Angie’s List, a nationally recognized home-services referral site, cancelled a planned \$40 million expansion project, which would have added 1,000 jobs. The company specifically cited the RFRA legislation as the driving factor in its decision.

Correlated Impact in Texas

The estimated impact if similar legislation were to pass in Texas could be as high as \$8.5 billion:

- San Antonio is slated to host the 2018 NCAA Men’s Final Four tournament. The 2014 tournament in Arlington generated almost \$277 million in revenue. Even a boycott-related reduction of 3 percent would equate to more than \$8 million in losses for the city (Schrock, 2015).
- Given that the Texas travel industry has a \$31 billion annual impact, a 15 percent reduction would result in an overall loss of \$8.5 billion, or 0.5% of the State GDP, the same percentage GDP loss experienced by Indiana.
- This equates to the loss of more than 150,000 jobs.

Other High-Level Impacts

Millennials and Recruiting

The Millennial generation accounts for one third of the current workforce and is projected to grow to almost half the workforce by 2030 as they reach adulthood. This generation is the most tech-savvy and wired generation to date, and have accumulated wealth more quickly than their Gen-X predecessors (Nielsen, 2014).

As such, successful workforce development and recruitment plans need to take this significant talent pool into account. Based on available research, it is evident that passage of discriminatory legislation would pose serious problems:

- 70 percent of Millennials (of which there are 2.5 million in Texas) support comprehensive non-discrimination protections (Pew Research Center, 2015)
- 79 percent of non-LGBT Millennials use discrimination protection as a criterion for choosing employers (Texas Competes, 2015)
- 64 percent of Millennials agree that religion should focus on promoting tolerance and peace rather than on opposing gay rights

Tolerance and Recruiting Benefits

The potential benefits of tolerance should also be considered, in addition to the economic implications. The Williams Institute conducted a survey of the top 50 government contractors and the top 50 FORTUNE 500 companies. Following is a list of tolerance and anti-discrimination benefits that these companies cited (Badgett, et al, 2013):

- Competitive advantage of recruiting and retaining the best talent
- Generating the best ideas and innovations
- Increasing productivity among employees by making them feel valued and comfortable at work
- Attracting and better serving a diverse customer base through a diverse workforce
- Securing business by responding favorably to specific policy requests or requirements from clients
- Maintaining positive employee morale and relations by responding favorably to specific policy requests from employees and unions

STUDY 2: QUANTITATIVE DATA FROM TEXAS

In 2016, researchers at St. Edward's University collected the general opinion of businesses from the state of Texas regarding the potential passage of an amendment to the TRFRA. A randomly selected group of 2,500 businesses were surveyed, of which the project team had a 5.12% rate of response. Of the qualified respondents, only five percent represented large businesses (greater than 50 employees), so the data is heavily biased toward the perceptions of the small business community.

The survey did not demonstrate any overwhelming data on one side or the other. The research team certified with a 95% level of confidence that if this survey process was replicated, the responses of a random sample of Texas businesses would be between 47.4 and 64.6 percent in favor of the current legislation, and between 38.2 and 55.5 percent in favor of the proposed amendment to TRFRA.

From this data we can first make the reasonable conclusion that people are divided with regards to the amendment and what it means for Texas business. The Texas Association of Business is educating Texas businesses on the impacts experienced by businesses in other states where discriminatory legislation was passed so our businesses will be informed how such legislation would affect them if it passed in Texas.

SUPPLEMENTAL RESEARCH

The Texas Association of Business analyzed additional published research, case studies and media coverage in an effort to provide an up-to-date representation of legislation and economic impacts.

ARIZONA

As noted above, Governor Jan Brewer vetoed Senate Bill 1062 in February 2014. Arizona had already experienced economic fallout related to discrimination: In 1990 Tempe's Sun Devil Stadium was awarded the 1993 Super Bowl, but following voters' rejection of Martin Luther King Day as a state holiday, the NFL rescinded the offer. The loss of the Super Bowl was estimated as a \$100 million impact; business and non-profit boycotts after harsh anti-immigration laws cost an additional \$140 million.

FLORIDA

In March 2015, Equality Means Business released a report, "The Link Between Economic Competitiveness & Workplace Equal Opportunity in Florida," prepared by Thinkspot Inc., a Florida-based research and policy development consultancy. Equality Means Business, formed to spotlight major employers in Florida that have adopted comprehensive non-discrimination policies, commissioned the study to address the economic case for ending discrimination against LGBT people in Florida.

The study details extensive analysis of published research and findings from in-depth interviews with C-level business leaders.

The highlights of the report include:

- \$362 million lost annually due to lost productivity and employee turnover
- Diminished global competitiveness
- Talent loss, especially among Millennials
- Damaged state reputation

GEORGIA

In early 2016, the state legislature passed House Bill 757, the "Free Exercise Protection Act," which allowed businesses to deny services to gay and lesbian couples by citing religious principles. Disney and the National Football League were among the first to threaten boycotting the state, at an enormous cost to Georgia. Governor Nathan Deal boycotted the bill on March 28.

MISSISSIPPI

In April 2016, the Mississippi Legislature passed House Bill 1523, the “Religious Liberty Accommodations Act,” allowing businesses to deny services based on sincerely held religious beliefs.

The bill was viewed by experts as one of the most stringent religious freedom bills in the U.S. The states of New York and Minnesota took immediate action, banning all non-essential travel to Mississippi, and 200 business leaders endorsed a letter to the Governor requesting he repeal the bill because “This is not a direction in which states move when they are seeking to provide successful, thriving hubs for business development.”

Just prior to the bill becoming effective on July 1, Judge Carlton Reeves in the Federal District Court blocked passage of the law, citing it as a “vehicle for state-sanctioned discrimination on the basis of sexual orientation and gender identity.”

NORTH CAROLINA

The passage of House Bill 2, the “Public Facilities Privacy and Security Act,” denied affirming restroom access to transgender people and resulted in immediate, significant repercussions for the state in just the first month.

After the bill became law in March 2016, NBC News estimated between \$39.7 and \$186 million in revenue lost statewide in the short-term. In November 2016, Forbes magazine estimated the losses at \$630 million to date. Specific examples cited include:

- PayPal canceled its plans to open an operations center in Charlotte, which would have brought 400 jobs and \$20.4 million in annual payroll to the city.
- Deutsche Bank abandoned plans to bring 250 new jobs to Cary, representing a \$21 million loss in annual payroll and a \$9 million investment.
- CoStar Realty, a real estate research firm, cited HB 2 when it picked Richmond, Virginia, over Charlotte for its \$250 million investment.
- The Greater Raleigh Convention and Visitors Bureau reported immediate cancellations of events resulting in a loss of \$2.4 million, including a \$1.7 million contract for the Committed Transportation Association of America, which would have brought 1,000 people to the region in 2018. Sixteen events remained in jeopardy, representing a potential loss of \$44 million.
- The Charlotte Regional Visitors Authority reported that seven convention/meeting groups cancelled contracts and 13 that were considering Charlotte went elsewhere. The estimated impact was \$86 million through 2020.

- Bruce Springsteen, Ringo Starr, Bryan Adams, Pearl Jam, Cirque du Soleil, Nick Jonas and Demi Lovato all cancelled concerts in North Carolina. These entertainment-related losses are estimated at \$61 million. A recent Harris Poll demonstrated that 60 percent of Americans support musicians who advocate for LGBT rights, which could signal substantial repercussions for other states considering similar legislation.
- Cancelled sports events, including the 2017 NBA All-Star Weekend originally scheduled for Charlotte and all upcoming tournaments for the NCAA and AAC, will cost the state as much as \$197.4 million. Texas legislators should take note of this as San Antonio is hoping to host the 2018 NCAA Men's Final Four basketball championship.
- State and city governments from around the U.S. banned all non-essential travel to North Carolina.

SOUTH DAKOTA

The state legislature passed House Bill 1008 in February 2016, restricting access to public school restrooms based solely on a person's "biological sex." There was immediate opposition expressed by major employers, including Sanford Health, First Premier Bank and Citibank. The bill was vetoed by Governor Dennis Daugaard in March.

GENERAL TRAVEL AND TOURISM IMPACTS

The United Kingdom's Foreign Office issued a travel warning for British tourists traveling to southern cities in the U.S., specifically in Mississippi and North Carolina. Under the local laws and customs section of USA travel, the foreign office included this language:

The US is an extremely diverse society and attitudes towards LGBT people differ hugely across the country. LGBT travellers may be affected by legislation passed recently in the states of North Carolina and Mississippi. Before travelling please read our general [travel advice for the LGBT community](#).

With over four million British travelling to the U.S., this could have substantial economic impacts with a ripple effect throughout the U.S.

Additionally, leading meetings and conventions trade publication, M&C, conducted a recent poll of meeting planning professionals on the impacts of legislation on site-selection decisions. Of the 212 respondents nationally, approximately two thirds indicated they will avoid states that pass such laws (M&C, June 1, 2016).

CONCLUSION AND RECOMMENDATIONS

After careful consideration of the results of the commissioned studies, along with additional research, the Texas Association of Business strongly recommends against amending the Texas Religious Freedom Restoration Act and imposing other discriminatory legislation.

Our organization is charged with representing the business interests of the state of Texas and in fostering economic growth throughout the state. It is clear from the data presented that Texas would put itself at substantial economic and social risk if state legislators passed legislation that is seen as discriminatory.

Beyond the tangible economic impacts on businesses, including the travel and tourism industry, such action would have a lasting, negative impact on the state's reputation, which, in turn, could affect the state's ability to attract and retain a strong workforce. Additionally, we have already seen the negative economic impact of other legislation targeting the LGBT community, such as House Bill 2 in North Carolina.

Consequently, at the September 2016 TAB Board of Directors Meeting, the Board unanimously approved the following update to our Economic Development advocacy agenda:

Religious Freedom Restoration Act (RFRA)/Recruitment of Talent

Oppose legislation that would broaden the current RFRA or other legislation that is seen as discriminatory and would impact workforce recruitment and/or cause a negative economic impact on the state.

TAB needs to build a coalition of businesses to inform the Texas Legislature of the need to oppose discriminatory legislation and the negative economic impact it will have on our state. To maintain the growth of our economy, the ability of Texas businesses to recruit and retain globally-competitive talent, the Texas brand of welcoming everyone and to prosper from the innovation that diversity and inclusion brings, we must Keep Texas Open for Business.

APPENDIX A

Projected Economic Impact for Texas

	Representative Projected and/or Actual Losses	Extrapolated losses in Texas	Projected equivalent job losses in Texas
Arizona SB 1062 Bill passed but vetoed by Governor Brewer in February 2014	\$500M for Super Bowl \$140M over three years in lost convention and travel business	\$500M for Super Bowl \$464M over three years in lost convention and travel business	12,000
Louisiana HB 707 Bill did not pass, but Governor Jindal passed Executive Order in 2015 with similar language; rescinded by new Gov. in April 2016	80-85% of New Orleans conventions \$65M in potential sales tax revenue	\$412M in conventions (Houston only) \$657M in potential sales tax revenue	26,000
Indiana SB 101 Bill passed in March 2015, but after massive outcry and loss of business, it was amended in April 2015	\$1.5B projected short-term losses (.5% of GDP) Angie's List pulled \$40M investment Threat of loss of NCAA tournament	\$8.5 B in projected short-term losses (.5% of GDP)	185,000
North Carolina HB 2 Bill passed and signed by Gov. McCrory in March 2016; significant backlash from business, sports and entertainment communities	UCLA School of Law estimates \$5B annual loss due to HB 2 \$630M in actual and projected business losses since March \$197M in sports-related losses due to NBA, NCAA and ACC cancelling events \$61M in entertainment-related losses \$38M in tourism losses	\$75-100M projected loss if San Antonio loses 2018 NCAA Final Four tournament and Dallas loses women's NCAA Final Four \$38M loss over four years at SXSW \$108M loss over four years at F1 Racing	100,000+

APPENDIX B

References

- Badgett, L., Burns, C., Hunter, N., Krehely, J., Mallory, C., & Sears, B. (2013, February). An Executive Order to Prevent Discrimination Against LGBT Workers. Center for American Progress and The Williams Institute. Retrieved from <http://williamsinstitute.law.ucla.edu/wp-content/uploads/LGBTExecutiveOrder-Feb-2013.pdf>
- Chief Executive. (2015, June). 2015 best and worst state rankings. Chief Executive.net. Retrieved from <http://chiefexecutive.net/best-worst-states-business/>
- Cacciola, S., & Blinder, A. (July 21, 2106). The New York Times. N.B.A. to move All-Star game from North Carolina. Retrieved from: http://www.nytimes.com/2016/07/22/sports/basketball/nba-all-star-game-moves-charlotte-transgender-bathroom-law.html?_r=0
- Dean Runyan and Associates, (2015a, September). Arizona travel impacts, 1998-2014P. Arizona Tourism. Retrieved from <https://tourism.az.gov/sites/default/files/AZImp14pSepRev2.pdf>
- Dean Runyan and Associates, (2015b, June). The economic impact of travel on Texas 1990-2014P. Dean Runyan and Associates. Retrieved from http://www.deanrunyan.com/doc_library/TXImp.pdf
- Edelstein, L. (June 1, 2016). M&C. Research statistics controversial laws LGBT. Retrieved from: <http://www.meetings-conventions.com/print.aspx?id=64259>
- EEOC. (2015, February). Fact sheet on recent EEOC religious discrimination litigation. EEOC. Retrieved from http://www.eeoc.gov/eeoc/litigation/selected/religious_discrimination_facts.cfm
- Equality Means Business (2015). Retrieved from: <https://drive.google.com/file/d/0B53y9MHaclfrbV9UNFk3cUFJcTg/view>
- Gaines, J. (2008). Texas economy: looming boom through 2030. TAMU. Retrieved from <https://assets.recenter.tamu.edu/documents/articles/1841.pdf>
- Human Rights Campaign. (2015). LGBT equality at the Fortune 500. Human Rights Campaign. Retrieved from <http://www.hrc.org/resources/entry/lgbt-equality-at-the-fortune-500>
- Human Rights Campaign. (2016) <http://www.hrc.org>
- Jones, R., Cox, D. & Navarro-Rivera, J. (2014, February). A shifting landscape: a decade of change in American attitudes about same-sex marriage and LGBT issues. Public

Religion.org. Retrieved from http://publicreligion.org/site/wp-content/uploads/2014/02/2014.LGBT_REPORT.pdf

Lane, E. (2015, May). Bobby Jindal's religious freedom executive order: how will it impact business and tourism in Louisiana? NOLA.com. Retrieved from http://www.nola.com/politics/index.ssf/2015/06/bobby_jindal_religious_freedom_3.html

Madland, D. & Teixeira, R. (2009, May). New progressive America: the Millennial generation. Center for American Progress. Retrieved from https://www.americanprogress.org/wp-content/uploads/issues/2009/05/pdf/millennial_generation.pdf

Mallory, C. & Sears, B. (2015, April). Employment Discrimination Based on Sexual Orientation and Gender Identity in Texas. The Williams Institute. Retrieved from <http://williamsinstitute.law.ucla.edu/wp-content/uploads/TX-Nondiscrimination-May-2015.pdf>

Merrill, L & Wiles, R. (2015, February). Arizona business groups overwhelmingly opposed to SB 1062. AZCentral. Retrieved from <http://www.azcentral.com/story/news/2014/02/22/ariz-business-groups-are-overwhelmingly-opposed-to-measure/5722123/>

Miller, J. & Parker, L. (2015, September). Open for business, the economic and business case for global LGB&T inclusion. Open For Business. Retrieved from <http://www.open-for-business.org/downloads/>

NBC News (2016). Retrieved from: <http://www.nbcnews.com/news/us-news/north-carolina-starts-see-economic-damage-anti-bias-law-n551911>

Nielsen (2014). Millennials – breaking the myths. Nielsen.com. Retrieved from <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2014%20Reports/nielsen-millennial-report-feb-2014.pdf>

Office of the Governor. (2015, June). Fortune 500 companies in Texas. Texas Wide Open For Business. Retrieved from http://gov.texas.gov/files/ecodev/Fortune_500.pdf

Petersen, M. (2015, April). RFRA passage cost Indiana \$1.5 billion. WNDU.com. Retrieved from <http://www.wndu.com/home/headlines/RFRA-passage-cost-Indiana-15-billion-298523441.html>

Pew Research Center (2015). Changing attitudes on gay marriage. Pewforum.org. Retrieved from <http://www.pewforum.org/2015/07/29/graphics-slideshow-changing-attitudes-on-gay-marriage/>

Schrock, S. (2013, November). NCAA Final Four expected to bring nearly \$276 million to Texas economy. Star-Telegram. Retrieved from <http://www.star-telegram.com/news/local/community/arlington/article3836677.html>

Texas Competes (2016). Texas Competes Pledge. Retrieved from

<http://www.texascompetes.org/supporters.html>

The Williams Institute (2016). Retrieved from:

<http://williamsinstitute.law.ucla.edu/press/in-the-news/interactive-lgbt-and-same-sex-couple-demographics/>

Wong, C. (2015a, March). A look at the 10 U.S. metro areas with the highest LGBT populations. The Huffington Post. Retrieved from

http://www.huffingtonpost.com/2015/03/20/metro-areas-lgbt-population-_n_6911232.html

Visit Houston. (2015). Convention Statistics. Visit Houston.org. Retrieved from

<http://www.visithoustontexas.com/media/research/convention-statistics/>