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Delta Joining Apple as Opposition to Anti-Gay Law Increases (1)

By Thomas Black and Jennifer Oldham February 26, 2014

Companies from Delta Air Lines Inc. ([DAL:US](#)) to AT&T Inc. ([T:US](#)) are lobbying state legislators across the country saying laws perceived as anti-gay are bad for business.

Delta, Marriott International Inc., Apple ([AAPL:US](#)) Inc. and American Airlines Group Inc. ([AAL:US](#)) are among several U.S. corporations that have urged Arizona Governor Jan Brewer to veto a bill allowing businesses to refuse service to gays and lesbians on religious grounds. The companies all said the law, if enacted, would run counter to their internal policies aimed at ensuring an equal workplace. They also said the law could prompt companies to relocate outside Arizona, which is already struggling economically.

After years of not taking a stand on social issues, hundreds of large corporations joined the fray by signing a brief last year in favor of overturning the 1996 federal Defense of Marriage Act. In Indiana, Eli Lilly & Co. and Cummins Inc. donated \$100,000 apiece to a campaign opposed to a proposed amendment banning gay unions. With Americans' attitudes toward gays and same-sex marriage changing rapidly, companies are determined not to alienate paying customers or end up on the wrong side of history.

"It is exceedingly difficult for us to sell Arizona as a destination against a backdrop of negative attention suggesting certain travelers or conference attendees would not be welcome here -- as a matter of law," Steve Hart, Marriott's Arizona area vice president, said in a letter to Brewer.

Growing Activism

Companies' growing activism has put on notice a handful of other states including Kansas, Ohio and Missouri looking to enact legislation similar to the Arizona measure. Increasingly, companies prefer to do business in states where the law doesn't conflict with non-discrimination policies seen as crucial to attracting talented workers.

Leaders of the Republican Party also weighed in on the proposed legislation, which could make the national party seem out of step with younger voters who support gay marriage. With midterm elections looming, Republicans have sought to focus on on President Barack Obama's signature U.S. healthcare law.

Mitt Romney, the former Massachusetts governor and presidential candidate, said on Twitter a veto of the Arizona measure was "right." Arizona's two Republican senators John McCain and Jeff Flake have also urged Brewer to veto the legislation, saying its passage would be bad for business.

Opposing the legislation, however, could potentially alienate conservative voters whose support Republicans require to pick up seats in the midterm elections.

Prohibit Discrimination

Eighty-eight percent of Fortune 500 companies have policies that prohibit discrimination on the basis of sexual orientation and 62 percent provide domestic partner health insurance to their employees, according to the Human Rights Campaign, a gay-rights advocacy group based in Washington.

“As companies begin to understand that it’s good for their bottom line, they’re increasingly willing to support legislation that supports LGBT people,” said Sarah Warbelow, state legislative director for the group.

The National Organization for Marriage, a conservative group based in Washington, has sent e-mails to members in Kansas and Arizona urging them to contact their legislators and let them know they support the bills being proposed there.

“The rights of people of faith are being constantly challenged in courts throughout the country,” said Frank Schubert, the group’s national political director. “We think it’s appropriate for legislatures to enact specific provisions for people of faith.”

Direct Message

The Eli Lilly and Cummins campaign in Indiana had a simple and direct message: banning gay unions would alienate talented workers who otherwise might choose to move there.

“If we have a climate in our state that makes people feel unwelcome in any way, we think that’s bad for Cummins, and we think that’s bad for business,” Marya Rose, chief administrative officer, said in an interview last month.

The state legislature ultimately changed the wording of the proposed amendment, which means it cannot appear on the ballot this year and must be approved again by another general assembly before it can be put before voters.

Thirty-three states ban same-sex marriage, including 29 that have prohibitions in their constitutions, according to the National Conference of State Legislatures. Now, businesses and executives are taking more active roles in undoing them. Nike Inc. ([NKE:US](#)) and its executives put up \$280,000 in Oregon to repeal that state’s measure in November. General Mills Inc. ([GIS:US](#)) opposed a ban in Minnesota in 2012.

Business Imperative

The involvement of business in heartland Indiana could persuade companies to get involved elsewhere, said E. Joshua Rosenkranz, a lawyer for Orrick, Herrington & Sutcliffe in New York who represented 100 companies in a U.S. Supreme Court brief opposing a California ban last year. They included Apple, General Electric Co. ([GE:US](#)) and Google Inc. ([GOOG:US](#))

“The business community increasingly sees marriage equality as a business imperative,” Rosenkranz said in an e-mail. “The more companies who step forward, the more willing other companies are to join in the fight.”

In Kansas, Sprint Corp., AT&T, Kansas City Power & Light Co. and the state chamber of commerce voiced opposition to a bill passed by the state house of representatives that would allow for discrimination against same-sex couples. The state senate hasn’t taken up the bill and it’s now in limbo.

Discriminatory Behavior

“The bill promotes discriminatory behavior by business against their customers,” AT&T said in a Feb. 14 statement in its opposition to the Kansas bill. “It interferes with AT&T’s management of our employees.”

For now ground zero is Arizona. Aaron Baer, a spokesman for the Center for Arizona Policy, which backs the measure, said it would allow residents to run their businesses in accordance with their faith.

“The attacks and the misinformation and outright lies have nothing to do with what Senate Bill 1062 is all about,” he said. “It brings Arizona in line with what a majority of courts and circuit courts have ruled.”

Still, the measure’s passage prompted tourists to cancel reservations and companies to say they would locate elsewhere if it became law. The bill threatens to reverse an economic recovery in a state among those hardest hit by the housing crash, opponents said, and to cement a reputation fostered by a 2010 anti-immigration law and a fight in the 1990s over celebrating the Martin Luther King Jr. holiday.

Open Commerce

“There is genuine concern throughout the business community that this bill, if signed into law, would jeopardize all that has been accomplished so far,” Doug Parker, chief executive officer of Fort Worth, Texas-based American Airlines, wrote in a letter to Brewer. He said it had could make companies less likely to relocate in the state and repel convention business.

“Our economy thrives best when the doors of commerce are open to all,” he wrote.

Amid the corporate pressure, three Republican senators who voted for the measure changed their minds. In a letter to Brewer, Senators Adam Driggs, Bob Worsley and Steve Pierce urged the governor to veto it.

“While our sincere intent in voting for this bill was to create a shield for all citizens’ religious liberties, the bill has instead been mischaracterized by its opponents as a sword for religious intolerance,” the senators wrote. “These allegations are causing our state immeasurable harm.”

The governor had until Friday to decide.

“If Governor Brewer vetoes the bill in Arizona, it will likely slow down this type of legislation,” said Warbelow of the Human Rights Campaign.

To contact the reporters on this story: Thomas Black in Dallas at tblack@bloomberg.net; Jennifer Oldham in Denver at joldham1@bloomberg.net

To contact the editor responsible for this story: Tom Giles at tgiles5@bloomberg.net

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