

Sources of Revenues for State Budget, 2017

Comments and Perspectives, but all subject to discussion, debate, and consensus by the Task Force

General Sales, including Motor Vehicles	\$4,298.10	35.70%	The State will have to deal with the Individual Income Tax and the General Sales Tax. Together they generate over 60% of the state's revenues. We cannot realistically expect to find an alternative revenue source to offset the sales and individual income tax.
Individual Income	\$3,088.30	25.70%	
Corporate Income and Franchise	\$510.40	4.20%	Many changes were made to the corporate income tax and franchise tax in the extraordinary legislative session, 2016. Now is the time for the administration of these changes. This cannot be completed in a couple of months.
Severance and Mineral Revenues	\$464.60	3.90%	Mineral Revenues may jump back up, but do we want to base our long-term fiscal health on a relatively volatile revenue source? Also, the amendment on the ballot in November is suggesting that we do not use mineral revenues for everyday expenses.
Tobacco, Beer, liquor	\$381.30	3.10%	These excise taxes have been increased.
Gasoline and Special Fuels	\$624.10	5.20%	Focus on use of these revenues on infrastructure
Gaming	\$906.60	7.50%	I did not hear anything that suggested we had much ability to change given other competitors.
Excise License Tax	\$858.60	7.10%	Excise license tax needs a special study and no one has completed that study as of now. This tax may need reforming, but it is not likely to generate additional revenues. This tax has been a growth tax over the last decade.
Others	\$900.10	7.50%	
Total	\$12,032.10	100.00%	
UAL Obligations	\$1,635.00		To Think Over and to consider seriously after we have heard from the various retirement boards and other groups with knowledge of the retirement systems. We might want to separate from rest of budget and establish a dedicated revenue stream to pay off this debt.
Total less UAL	\$10,397.10	86.4% of total	

Self-generated
Other Dedications

Assume that they will be retained as are at this time.

Description of Exemptions, Exclusions and Credits for Personal Income Tax

Exemptions/Exclusions	Projected 2017 Cost of Exemption/Deducti	
Annual Retirement Income Exclusion	\$24.4	Person 65 years and older can exclude up to \$6,000 of annual retirement income
Disability Income Exclusion	\$5.6	Disabled Person can receive exclusion of first \$6,000 of income
State Employees, Teachers, and Other Benefit Exclusion	\$93.8	persons getting retirement from certain retirement systems will have their retirement income sheltered from the income tax, be on books since 1946
Federal Retirement Benefits	\$32.0	federal retirement benefits sheltered from income tax since 1988, US Supreme Court
Social Security Benefits	\$102.7	Social Security benefits received by individuals that are taxable for federal purposes may be excluded from LA taxable income, effective 1984
Military Pay Exclusion	\$6.2	first \$30,000 of active duty. Since 2002
Federal Income Tax Deduction	\$877.2	constitutional since 1974
Personal Exemption--Standard Deduction	\$253.9	for joint filer--\$9,000; single filer--\$4,500. current threshold before income tax effective
Dependent Exemption/Deduction	\$31.2	\$1,000 per dependent

Deductions

Deduction for Adaptive Home Improvements for Disabled Individuals		for incomes less than \$50,000 and limited up to \$5,000
Excess Federal Itemized Deductions	\$349.0	federal itemized deductions less LA standard deduction can be deducted.
Deduction for START Saving Program	\$2.3	deposits into education savings account; up to \$2,400 per year
Deduction for Net Capital Gains	\$53.9	deduction for net capital gains, arising from sale of equity interest of non-publically traded corporation, partnership, llc, or other business organization domiciled in LA; adjusted
Elementary and Secondary School Tuition Deduction	\$22.6	tuition for non-public schools up to 50% of tuition and limited at \$5,000
Educational Expenses for Home-Schooled Child	\$0.2	limited to 50% of educational expenses and not to exceed \$5,000
Deductions for Fees and Other Educational Expenses for Quality Public Education	\$3.0	deduction equal to 50% of expenses for uniforms, textbooks, and other supplies but not to exceed \$5,000

Credits

Education Credit	\$10.5	credit of \$25 for each qualified dependent in school from kindergarten to high school % of federal child and dependent care credit; 50% if <\$25,000; 30% from \$25,000 to
Child Care Expenses	\$18.3	\$35,000; 10% from \$35,000 to \$60,000; over \$60,000 the lesser of \$25 or 10%
Earned Income Tax Credit	\$48.9	3.5% of federal EITC, effective 2007
School Readiness Credits	\$14.0	

Total: for exemptions and credits to be dealt wi \$1,949.7

Others to be dealt with Differently

Net Income Taxes Paid to Other States	\$60.3	has been adjusted to correspond with typical state laws. It was reduced in regular session 2015
Inventory Ad Valorem Tax Credit	\$13.6	being handled through property tax changes and state/local fiscal connection
Ad Valorem Tax on Natural Gas	\$0.1	being handled through property tax changes and state/local fiscal connection
Ad Valorem Tax Credit for Offshore Vessels	\$20.0	being handled through property tax changes and state/local fiscal connection
LA Citizens Property Insurance Corp. Assessmen	\$29.2	has been adjusted downward with proposal to eliminate
Solar Energy System	\$20.0	being phased out
	\$143.2	

Total \$2,092.9

These are the Choices we have to make as we provide suggestions to the Louisiana Legislature and the Governor

Choices in Restructuring Individual Income Tax in Louisiana

must appreciate tradeoff: each time we add exemption, deduction, or credit and want to maintain same revenue, then we must up the rate/rates

Marginal Rates v. Flat Rate
Exemptions, Deductions, and Credits
How much revenue do we want to get from individual income tax?

Revenue Loss to State given present rate structure, Estimated 2017

Gain or cost to State, Estimated 2017 with no change in current rate

		<u>Decisions Necessary on Exclusions, Deductions, and Credits (other than required by federal law or U.S. constitution)</u>			
(in millions)		YES	NO	Comments	(in millions)
	Exclusions				
\$24.40	Annual Retirement				
\$5.70	Disability				
\$93.80	State Employee Ret				
\$32.00	Fed Employee Ret				
\$102.70	Social Security				
\$6.20	Military Pay Exclusion				
	Deductions				
\$285.00	Personal Exemption/Standard Deduction				
\$349.00	Excess Itemized				
\$877.20	Federal Tax Liability				
\$53.90	Net Capital Gains				
\$28.10	School Tuition/other school related/Start				
\$6.20	All Others				
	Credits				
\$60.30	Income tax payments to other states				
\$49.00	EITC				
\$37.20	Rehab Historic Structures				
\$137.00	Film Credit* (not specifically an individual income issue)				
\$29.20	LA Citizens				
\$20.00	Solar				
\$18.30	Child care				
\$10.50	Education Credit				
\$6.10	All others				

\$2,231.80

Rates, once we have found acceptable tax base

Single Rate or Flat Rate

8 states have flat rates; flat rate structure can be engineered to be progressive with respect to average tax liability

Marginal Tax Rates such as we presently have with 2%, 4%, and 6% can build in progressivity by marginal tax rates but can diminish progressivity by special exemptions, etc.

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Sales Tax Exemptions and Exclusions Prior to the First Extraordinary Session of 2016. Constitutional Limitations on the State Sales Tax are highlighted in Yellow.

Exemption	FYE 6-10	FYE 6-11	FYE 6-12	FYE 6-13	FYE 6-14	Type of Exemption
Adaptive driving equipment and motor vehicle modification	+++	+++	+++	+++	+++	Exemption/Exclusion
Additional tax levy on contracts entered into prior to and within 90 days of tax levy	\$0	\$0	\$0	\$0	\$0	Exemption/Exclusion
Admissions to athletic or entertainment events by educational institutions and membership dues of certain nonprofit, civic organizations	###	###	###	###	###	Exemption/Exclusion
Admissions to entertainment by domestic nonprofit charitable, educational, and religious organizations	+++	+++	+++	+++	+++	Exemption/Exclusion
Admissions to museums	###	###	###	###	###	Exemption/Exclusion
Admissions to places of amusement at camp or retreat facilities	###	###	###	###	###	Exemption/Exclusion
Advertising services	\$0	\$0	\$0	\$0	\$0	Exemption/Exclusion
Alternate substance used as a fuel	###	###	###	###	###	Exemption/Exclusion
Annual Louisiana sales tax holiday	\$2,936,000	\$3,556,463	\$3,289,039	\$3,354,820	\$3,421,916	Exemption/Exclusion
Antique airplanes held by private collectors and not used for commercial purposes	+++	+++	+++	+++	+++	Exemption/Exclusion
Apheresis kits and leuko reduction filters	###	###	###	###	###	Exemption/Exclusion
Articles traded in on tangible personal property	###	###	###	###	###	Exemption/Exclusion
Boats, Vessels, and Other Water Craft as Demonstrators	###	###	###	###	###	Exemption/Exclusion
Cable television installation and repair services	\$0	\$0	\$0	\$0	\$0	Exemption/Exclusion

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Cash-basis reporting procedure for rental and lease transactions	\$0	\$0	\$0	\$0	\$0	Exemption/Exclusion
Cash-basis sales tax reporting and remitting for health and fitness club membership contracts	\$0	\$0	\$0	\$0	\$0	Exemption/Exclusion
Catalogs distributed in Louisiana	+++	+++	+++	+++	+++	Exemption/Exclusion
Certain aircraft assembled in Louisiana with a capacity of 50 people or more	###	###	###	###	###	Exemption/Exclusion
Certain contract carrier buses used 80% in interstate commerce	See number 146	Exemption/Exclusion				
Certain digital television and digital radio conversion equipment	***	***	***	***	***	Exemption/Exclusion
Certain Educational Materials and Equipment used for Classroom Instruction	###	###	###	###	###	Exemption/Exclusion
Certain geophysical survey information and data analyses	\$0	\$0	\$0	\$0	\$0	Exemption/Exclusion
Certain interchangeable components; optional method to determine	###	###	###	###	###	Exemption/Exclusion
Certain seafood-processing facilities	###	###	###	###	###	Exemption/Exclusion
Certain Transactions Involving the Construction or Overhaul of U.S. Navy Vessels	###	###	###	###	###	Exemption/Exclusion
Certain trucks and trailers used 80% in interstate commerce	\$5,692,446	\$9,610,331	\$14,029,532	\$14,310,123	\$14,596,325	Exemption/Exclusion
Coin bullion with a value of \$1,000 or more	###	###	###	###	###	Exemption/Exclusion
Collection from interstate and foreign transportation dealers	NRR	NRR	NRR	NRR		Exemption/Exclusion
Construction materials and operating supplies for certain nonprofit retirement centers	+++	+++	+++	+++	+++	Exemption/Exclusion

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Exemption	FYE 6-10	FYE 6-11	FYE 6-12	FYE 6-13	FYE 6-14	Type of Exemption
Credit for costs to reprogram cash registers	\$70,977	\$28,835	\$16,900	\$17,238	\$17,583	Exemption/Exclusion
Credit for sales and use taxes paid to other states on property imported into Louisiana	###	###	###	###	###	Exemption/Exclusion
Credit for Use Tax Paid on Automobiles Imported by Certain Members of the Armed Services	NRR	NRR	NRR	NRR	NRR	Exemption/Exclusion
Donation of toys	###	###	###	###	###	Exemption/Exclusion
Donations to certain schools and food banks from resale inventory	###	###	###	###	###	Exemption/Exclusion
Drugs prescribed by physicians or dentists	\$237,938,576	\$238,671,405	\$327,260,714	\$333,805,928	\$340,482,047	Exemption/Exclusion
Electricity for chlor-alkali manufacturing process	See number 100	Exemption/Exclusion				
Extended time to register mobile homes	\$0	\$0	\$0	\$0	\$0	Exemption/Exclusion
Farm products produced and used by the farmers	###	###	###	###	###	Exemption/Exclusion
Feed and feed additives for animals held for business purposes	+++	+++	+++	+++	+++	Exemption/Exclusion
Fees paid by radio and television broadcasters for the rights to broadcast film, video, and tapes	+++	+++	+++	+++	+++	Exemption/Exclusion
First \$50,000 of new farm equipment used in poultry production	See number 11	Exemption/Exclusion				
First \$50,000 of the sales price of certain rubber-tired farm equipment and attachments	See number 11	Exemption/Exclusion				
Helicopters leased for use in the extraction, production, or exploration for oil, gas, or other minerals	See number 30	Exemption/Exclusion				
Hurricane preparedness Louisiana sales tax holiday	\$46,000	\$113,807	\$29,418	\$30,006	\$30,606	Exemption/Exclusion

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Exemption	FYE 6-10	FYE 6-11	FYE 6-12	FYE 6-13	FYE 6-14	Type of Exemption
Installation Charges on Tangible Personal Property	###	###	###	###	###	Exemption/Exclusion
Installation of Board Roads to Oil-Field Operators	###	###	###	###	###	Exemption/Exclusion
Interstate telecommunication services purchased by defined call centers	###	###	###	###	###	Exemption/Exclusion
Isolated or Occasional Sales of Tangible Personal Property	###	###	###	###	###	Exemption/Exclusion
Lease or rental of certain vessels in mineral production	+++	+++	+++	+++	+++	Exemption/Exclusion
Leases or Rentals of Pallets used in Packaging Products Produced by a Manufacturer	###	###	###	###	###	Exemption/Exclusion
Leases or Rentals of Railroad Rolling Stock and Leases or Rentals by Railway Companies and Railroad Corporations	###	###	###	###	###	Exemption/Exclusion
Louisiana Tax Free Shopping Program	\$806,934	\$1,129,413	\$944,924	Unable to anticipate	Unable to anticipate	Exemption/Exclusion
Manufacturers Rebates on New Motor Vehicles	\$12,812,678	\$11,627,555	\$14,404,849	\$14,692,946	\$14,986,805	Exemption/Exclusion
Manufacturers Rebates Paid Directly to a Dealer	###	###	###	###	###	Exemption/Exclusion
Materials and energy sources used for boiler fuel	+++	+++	+++	+++	+++	Exemption/Exclusion
Materials used directly in the collection of blood	###	###	###	###	###	Exemption/Exclusion
Materials used in the construction, restoration, or renovation of housing in designated areas	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate	Exemption/Exclusion
Materials used in the production or harvesting of catfish	+++	+++	+++	+++	+++	Exemption/Exclusion
Materials used in the production or harvesting of crawfish	+++	+++	+++	+++	+++	Exemption/Exclusion

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Exemption	FYE 6-10	FYE 6-11	FYE 6-12	FYE 6-13	FYE 6-14	Type of Exemption
Miscellaneous telecommunication services	###	###	###	###	###	Exemption/Exclusion
Natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities	\$0	\$0	\$0	\$0	\$0	Exemption/Exclusion
Natural gas used in the production of iron	See number 100	Exemption/Exclusion				
New vehicles furnished by a dealer for driver-education programs	+++	+++	+++	+++	+++	Exemption/Exclusion
Other constructions permanently attached to the ground	###	###	###	###	###	Exemption/Exclusion
Other Sales Tax Exemptions	\$696,097,814	\$816,412,784	\$626,184,429	\$638,708,118	\$651,482,280	Exemption/Exclusion
Outside gate admissions and parking fees at fairs, festivals, and expositions sponsored by nonprofit organizations	+++	+++	+++	+++	+++	Exemption/Exclusion
Pelletized paper waste used in a permitted boiler	###	###	###	###	###	Exemption/Exclusion
Pharmaceutical samples distributed in Louisiana	+++	+++	+++	+++	+++	Exemption/Exclusion
Pharmaceuticals administered to livestock for agricultural purposes	###	###	###	###	###	Exemption/Exclusion
Piggyback trailers or containers and rolling stock	+++	+++	+++	+++	+++	Exemption/Exclusion
Pollution control devices and systems	###	###	###	###	###	Exemption/Exclusion
Property purchased for exclusive use outside the state	###	###	###	###	###	Exemption/Exclusion
Property used in the Manufacture, Production, or Extraction of Unblended Diesel	###	###	###	###	###	Exemption/Exclusion
Purchase of breastfeeding items	***	***	###	###	###	Exemption/Exclusion

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Exemption	FYE 6-10	FYE 6-11	FYE 6-12	FYE 6-13	FYE 6-14	Type of Exemption
Purchase of certain water conservation Equipment for use in the Sparta Groundwater Conservation District	###	###	###	###	###	Exemption/Exclusion
Purchase, Lease or Repair of certain capital equipment and computer software of qualifying radiation therapy treatment centers	###	###	###	###	###	Exemption/Exclusion
Purchases and Leases by Free Hospitals	###	###	###	###	###	Exemption/Exclusion
Purchases and leases of durable medical equipment paid by or under provisions of Medicare	\$734,080	\$839,180	\$3,325,805	Unable to anticipate	Unable to anticipate	Exemption/Exclusion
Purchases and sales by Ducks Unlimited and Bass Life	+++	+++	+++	+++	+++	Exemption/Exclusion
Purchases by a private postsecondary academic degree-granting institution	###	###	###	###	###	Exemption/Exclusion
Purchases by a public trust	\$0	\$0	\$0	\$0	\$0	Exemption/Exclusion
Purchases by and sales by certain nonprofit organizations dedicated to the conservation of fish and migratory waterfowl	+++	+++	+++	+++	+++	Exemption/Exclusion
Purchases by certain organizations that promote training for the blind	###	###	###	###	###	Exemption/Exclusion
Purchases by Glass Manufacturers	See number 11	See number 11	See number 11	See number 11	See number 11	Exemption/Exclusion
Purchases by motor vehicle manufacturers	See number 11	See number 11	See number 11	See number 11	See number 11	Exemption/Exclusion
Purchases by nonprofit electric cooperatives	+++	+++	+++	+++	+++	Exemption/Exclusion
Purchases by Nonprofit Entities that Sell Donated Goods	###	###	###	###	###	Exemption/Exclusion
Purchases by off-track wagering facilities	###	###	###	###	###	Exemption/Exclusion
Purchases by pari-mutuels racetracks	###	###	###	###	###	Exemption/Exclusion

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Exemption	FYE 6-10	FYE 6-11	FYE 6-12	FYE 6-13	FYE 6-14	Type of Exemption
Purchases by Regionally Accredited Independent Educational Institutions	###	###	###	###	###	Exemption/Exclusion
Purchases by State and Local Governments ¹	\$209,532,997	\$203,020,691	\$205,252,698	\$209,357,752	\$213,544,907	Exemption/Exclusion
Purchases by the Fore!Kids Foundation	***	***	###	###	###	Exemption/Exclusion
Purchases by the Society of the Little Sisters of the Poor ²	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited	Exemption/Exclusion
Purchases made with food stamps and WIC vouchers	\$0	\$0	\$0	\$0	\$0	Exemption/Exclusion
Purchases of Certain Bibles, Song Books, or Literature by Certain Churches or Synagogues for Religious Instructional Classes ²	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited	Exemption/Exclusion
Purchases of certain custom computer software	###	###	###	###	###	Exemption/Exclusion
Purchases of certain fuels for private residential consumption	See number 188	Exemption/Exclusion				
Purchases of Certain Machinery and Equipment used to Produce a News Publication	See number 11	Exemption/Exclusion				
Purchases of construction Materials by Hands on New Orleans and Rebuilding Together New Orleans covenant partners	###	###	###	###	###	Exemption/Exclusion
Purchases of construction materials by the Make it Right Foundation	***	***	***	###	###	Exemption/Exclusion
Purchases of Consumables by Paper and Wood Manufacturers and Loggers	***	\$274,656	\$706,566	\$960,930	\$980,148	Exemption/Exclusion
Purchases of Electric Power and Natural Gas by Paper or Wood Products Manufacturing Facilities	See number 100	Exemption/Exclusion				
Purchases of equipment by bona fide volunteer and public fire department	###	###	###	###	###	Exemption/Exclusion
Purchases of food items for school lunch or breakfast programs by nonpublic elementary or secondary schools	###	###	###	###	###	Exemption/Exclusion

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Exemption	FYE 6-10	FYE 6-11	FYE 6-12	FYE 6-13	FYE 6-14	Type of Exemption
Purchases of fuel or gas by residential consumers	See number 188	Exemption/Exclusion				
Purchases of machinery and equipment by certain utilities	See number 11	Exemption/Exclusion				
Purchases of machinery and equipment by owners of certain radio stations	See number 11	Exemption/Exclusion				
Purchases of Manufacturing Machinery and Equipment	\$18,019,401	\$25,038,972	\$49,013,170	\$49,993,433	\$50,993,302	Exemption/Exclusion
Purchases of off-road vehicles by certain buyers domiciled in another state	###	###	###	###	###	Exemption/Exclusion
Purchases of school buses by independent operators	NRR	NRR	NRR	NRR	NRR	Exemption/Exclusion
Purchases of storm shutter devices	###	###	###	###	###	Exemption/Exclusion
Purchases of supplies, fuels, and repair services for boats used by commercial fishermen	###	###	###	###	###	Exemption/Exclusion
Purchases of Tangible Personal Property for Lease or Rental	\$8,240,371	\$10,557,762	\$8,799,530	\$8,975,521	\$9,155,031	Exemption/Exclusion
Purchases of vehicles modified for use by an orthopedically disabled person	***	***	\$38,865	\$39,642	\$40,435	Exemption/Exclusion
Purchases, Services and Rentals for Construction of Sewerage or Waste Water Treatment Facility	###	###	###	###	###	Exemption/Exclusion
Qualifying events providing Louisiana heritage, culture, crafts, art, food and music sponsored by a domestic nonprofit organization	***	***	###	###	###	Exemption/Exclusion
Racehorses claimed at races in Louisiana	###	###	###	###	###	Exemption/Exclusion
Rail rolling stock sold or leased in Louisiana	###	###	###	###	###	Exemption/Exclusion
Raw materials used in the printing process	+++	+++	+++	+++	+++	Exemption/Exclusion

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Exemption	FYE 6-10	FYE 6-11	FYE 6-12	FYE 6-13	FYE 6-14	Type of Exemption
Receipts from coin-operated washing and drying machines in commercial laundromats	NRR	NRR	NRR	NRR	NRR	Exemption/Exclusion
Rental or Purchase of Airplanes or Airplane Equipment and Parts by Louisiana Domiciled Commuter Airlines	###	###	###	###	###	Exemption/Exclusion
Rentals of motion-picture film to commercial theaters	+++	+++	+++	+++	+++	Exemption/Exclusion
Rentals or Leases of Certain Oil-Field Property to be Released or Rented	###	###	###	###	###	Exemption/Exclusion
Repair services performed in Louisiana when the repaired property is exported	\$10,042,110	###	###	###	###	Exemption/Exclusion
Repairs and materials used on drilling rigs and equipment	###	###	###	###	###	Exemption/Exclusion
Repairs, renovations or conversions of drilling rigs	###	###	###	###	###	Exemption/Exclusion
Room Rentals at Camp and Retreat Facilities	###	###	###	###	###	Exemption/Exclusion
Room Rentals at Certain Homeless Shelters	Negligible	Negligible	Negligible	Negligible	Negligible	Exemption/Exclusion
Sale of polyroll tubing	###	###	###	###	###	Exemption/Exclusion
Sales and Rentals to Boys State of La., Inc. and Girls State of La., Inc.	###	###	###	###	###	Exemption/Exclusion
Sales by certain publicly-owned facilities	###	###	###	###	###	Exemption/Exclusion
Sales by state-owned domed stadiums	###	###	###	###	###	Exemption/Exclusion
Sales by thrift shops on military installations	###	###	###	###	###	Exemption/Exclusion
Sales of 50-ton vessels and new component parts and sales of certain materials and services to vessels operating in interstate commerce	###	###	###	###	###	Exemption/Exclusion

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Exemption	FYE 6-10	FYE 6-11	FYE 6-12	FYE 6-13	FYE 6-14	Type of Exemption
Sales of admission tickets by Little Theater organizations	+++	+++	+++	+++	+++	Exemption/Exclusion
Sales of Anthropogenic Carbon Dioxide use in Qualified Tertiary Recovery Projects	###	###	###	###	###	Exemption/Exclusion
Sales of cellular telephones and electronic accessories	###	###	###	###	###	Exemption/Exclusion
Sales of certain fuels used for farm purposes	###	###	###	###	###	Exemption/Exclusion
Sales of construction materials to Habitat for Humanity	###	###	###	###	###	Exemption/Exclusion
Sales of electric power or energy - Nonresidential	\$156,309,021	\$256,818,698	\$231,981,545	\$236,621,176	\$241,353,599	Exemption/Exclusion
Sales of Electric Power or Energy to the Consumer for Residential Use	\$145,979,174	\$145,542,064	\$173,863,628	\$177,340,901	\$180,887,719	Exemption/Exclusion
Sales of farm products direct from the farm	###	###	###	###	###	Exemption/Exclusion
Sales of fertilizers and containers to farmers	###	###	###	###	###	Exemption/Exclusion
Sales of food by certain institutions	###	###	###	###	###	Exemption/Exclusion
Sales of Food for Preparation and Consumption in the Home	\$328,076,110	\$333,666,656	\$362,801,432	\$370,057,461	\$377,458,610	Exemption/Exclusion
Sales of food items by youth organizations	###	###	###	###	###	Exemption/Exclusion
Sales of gasohol	+++	+++	+++	+++	+++	Exemption/Exclusion
Sales of gasoline, gasohol, and diesel	\$316,408,097	\$371,096,720	\$368,143,773	\$375,506,648	\$383,016,781	Exemption/Exclusion
Sales of human-tissue transplants	###	###	###	###	###	Exemption/Exclusion
Sales of motor vehicles to be leased or rented by qualified lessors	See number 30	Exemption/Exclusion				
Sales of natural gas - Nonresidential	See number 100	Exemption/Exclusion				

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Exemption	FYE 6-10	FYE 6-11	FYE 6-12	FYE 6-13	FYE 6-14	Type of Exemption
Sales of Natural Gas to the Consumer for Residential Use	See number 188	See number 188	See number 188	See number 188	See number 188	Exemption/Exclusion
Sales of Newspapers	###	###	###	###	###	Exemption/Exclusion
Sales of newspapers by religious organizations	###	###	###	###	###	Exemption/Exclusion
Sales of original one-of-a-kind works of art sold in certain locations	###	###	###	###	###	Exemption/Exclusion
Sales of pesticides for agricultural purposes	###	###	###	###	###	Exemption/Exclusion
Sales of Railroad Ties to Railroads for use in Other States	###	###	###	###	###	Exemption/Exclusion
Sales of raw agricultural products	###	###	###	###	###	Exemption/Exclusion
Sales of seeds for planting crops	###	###	###	###	###	Exemption/Exclusion
Sales of steam - Nonresidential	See number 99	See number 99	See number 99	See number 99	See number 99	Exemption/Exclusion
Sales of tangible personal property at or admissions to events sponsored by certain nonprofit groups	###	###	###	###	###	Exemption/Exclusion
Sales of Tangible Personal Property by the Louisiana Military Department	###	###	###	###	###	Exemption/Exclusion
Sales of telephone directories by advertising companies	###	###	###	###	###	Exemption/Exclusion
Sales of water - Nonresidential	\$4,806,687	\$4,453,125	\$5,381,681	\$5,489,315	\$5,599,101	Alternate Reporting Methods
Sales of Water to the Consumer for Residential Use	See number 188	See number 188	See number 188	See number 188	See number 188	Alternate Reporting Methods
Sales or purchases by blind persons operating small businesses	###	###	###	###	###	Alternate Reporting Methods
Sales or purchases by certain sheltered workshops	###	###	###	###	###	Alternate Reporting Methods
Sales tax collected by a qualified charitable institutions	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate	Alternate Reporting Methods

changes in
special
sessions in
2016

Sales Tax Exemptions and Exclusions Prior to the First Extraordinary Session of 2016. Constitutional Limitations on the State Sales Tax are highlighted in Yellow.

Exemption	FYE 6-10	FYE 6-11	FYE 6-12	FYE 6-13	FYE 6-14	Type of Exemption
Sales tax remitted on bad debts from credit sales	\$190,783	\$3,665,635	\$944,877	Unable to anticipate	Unable to anticipate	Statutorily Prescribed Methods of Taxation
Sales through coin-operated vending machines	NRR	NRR	NRR	NRR	NRR	Statutorily Prescribed Methods of Taxation
Sales to nonprofit literacy organizations	###	###	###	###	###	Credits
Sales to the United States Government and its agencies	See number 26	See number 26	See number 26	See number 26	See number 26	Credits
Second Amendment Sales Tax Holiday	\$360,000	\$597,485	\$588,502	\$600,272	\$612,277	Refunds
Sickle cell disease organizations	###	###	###	###	###	Refunds
Specialty Mardi Gras items purchased or sold by certain organizations	+++	+++	+++	+++	+++	Refunds
Specialty Mardi Gras items sold by certain organizations	###	###	###	###	###	Refunds
State sales tax paid on property destroyed in a natural disaster	\$259,134	\$201,696	\$34,104	Unable to anticipate	Unable to anticipate	Refunds
Tangible personal property sold to food banks	###	###	###	###	###	Refunds
Telecommunication services through coin-operated telephones	###	###	###	###	###	Other
Tickets to dance, drama, or performing arts presentations by certain nonprofit organizations	+++	+++	+++	+++	+++	State Exemptions with Prohibitions on Taxation
Tickets to musical performances by nonprofit musical organizations	+++	+++	+++	+++	+++	State Exemptions with Prohibitions on Taxation
Trucks, automobiles, and new aircraft removed from inventory for use as demonstrators	No data	No data	Unable to anticipate	Unable to anticipate	Unable to anticipate	State Exemptions with Prohibitions on Taxation
Use of Vehicles in Louisiana by Active Military Personnel	NRR	NRR	NRR	NRR	NRR	State Exemptions with Prohibitions on Taxation

changes in
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2016

Sales Tax Exemptions and Exclusions Prior to the First Extraordinary Session of 2016. Constitutional Limitations on the State Sales Tax are highlighted in Yellow.

Exemption	FYE 6-10	FYE 6-11	FYE 6-12	FYE 6-13	FYE 6-14	Type of Exemption
Use tax on residue or by-products consumed by the producer	###	###	###	###	###	State Exemptions with Prohibitions on Taxation
Used manufactured homes and 54 percent of cost of new manufactured homes	\$5,188,885	\$5,966,093	\$6,095,234	\$6,217,139	\$6,341,481	State Exemptions with Prohibitions on Taxation
Utilities used by steelworks and blast furnaces	See number 100	State Exemptions with Prohibitions on Taxation				
Vehicle Rentals for Rerent to Warranty Customers	###	###	###	###	###	State Exemptions with Prohibitions on Taxation
Vendor's compensation	\$26,763,010	\$28,578,244	\$28,403,974	\$28,972,053	\$29,551,495	State Exemptions with Prohibitions on Taxation
Work products of certain professionals	\$0	\$0	\$0	\$0	\$0	State Exemptions with Prohibitions on Taxation
	\$2,187,311,285	\$2,471,468,270	\$2,431,535,189	\$2,475,051,422	\$2,524,552,448	

Choices in Restructuring State Sales Tax in Louisiana

Choice of Rate

Exemptions and Exclusions

How much revenue do we want to get from State Sales Tax?

lower rates will require broader tax base as suggested by Tax
Foundation and the Tax Study for the Legislature

Revenue Loss to State given present rate structure, Estimated 2014 (in millions)		<u>Decisions Necessary on Exemptions and Exclusions</u>				Gain or cost to State, Estimated 2017 with no change in current rate structure (in millions)
		YES	NO	Comments		
	<u>Constitutional Restrictions</u>					
\$377.40	Food for Home Consumption					
\$180.90	Utilities for Residential Use					
\$340.50	Prescriptions					
\$383.10	Gasoline and Special Fuels					
	<u>Decisions on State and local Governments and Business</u>					
\$213.50	Purchases by State and local Governments					
\$51.00	Manufacturing Machinery and Equipment					
\$241.30	Utilities for Non-residential					
	<u>Keep Expanded of Tax Base in First Extraordinary Section, 2016</u>					
	<u>Services</u>					
	See Tab With Title of Services					
\$1,787.70						

(in millions)

Rates, once we have found acceptable tax base

Single Rate or Flat Rate

8 states have flat rates; flat rate structure can be engineered to be progressive with respect to average tax liability

Marginal Tax Rates such as we presently have with 2%, 4%, and 6%

can build in progressivity by marginal tax rates but can diminish progressivity by special exemptions, etc.

Services That Could Be Included in Sales Tax Base

Scenario #1: Taxing Services as Suggested in 2013

Included Items	2013 Proposal	2013 Tax Estimate (at 4%)	Adjustment for CY2015
Scenic and sightseeing transportation services and support activities for transportation	\$1,080,872,150	\$43,234,886	\$47,329,167
Veterinary services	\$207,122,851	\$8,284,914	\$9,069,484
Cable and other subscription services	\$221,854,739	\$8,874,190	\$9,714,563
Performing arts	\$44,550,187	\$1,782,007	\$1,950,761
Promotional services for performing arts and sports and public figures	\$229,732,279	\$9,189,291	\$10,059,504
Independent artists, writers, and performers	\$57,663,899	\$2,306,556	\$2,524,983
Museum, heritage, zoo, and recreational services	\$169,553,541	\$6,782,141	\$7,424,400
Personal care services	\$631,267,683	\$25,250,707	\$27,641,913
Other personal services	\$663,683,918	\$26,547,356	\$29,061,353
Total	\$3,306,301,247	\$132,252,050	\$144,776,127

Scenario #2	2013 Proposed Tax Base	2013 Tax Estimate (at 4%)	Adjustment for CY2015
From Scenario #1	\$3,306,301,247	\$132,252,050	\$144,776,127
Additional Personal Services:			
Transit and ground passenger transportation services	\$367,811,060	\$14,712,442	\$16,105,689
Couriers and messenger services	\$707,881,040	\$28,315,242	\$30,996,654
Accounting, tax preparation, bookkeeping, and payroll services	\$1,577,445,934	\$63,097,837	\$69,073,111
Architectural, engineering, and related services	\$3,455,246,566	\$138,209,863	\$151,298,136
Photographic services	\$70,201,160	\$2,808,046	\$3,073,964
All other miscellaneous professional, scientific, and technical services	\$827,151,371	\$33,086,055	\$36,219,257
Data processing-hosting-ISP-web search portals	\$555,398,097	\$22,215,924	\$24,319,740
Other information services	\$81,956,833	\$3,278,273	\$3,588,721
Insurance-related support services	\$338,513,160	\$13,540,527	\$14,822,795
Total	\$11,287,906,468	\$451,516,259	\$494,274,194

2013 Tax Proposal	2013 Tax Base Estimate	2013 Tax Estimate (at 4%)	Adjustment for CY2015
Pet grooming	\$1,294,951,601	\$51,798,064	\$56,703,266
Landscaping/lawn care			
Swimming pool cleaning			
Cable TV			
Health clubs			
Auto road services			
Parimutuel racing			
Exterminating	\$151,093,676	\$6,043,747	\$6,616,081
Labor charges and remodeling	\$3,455,246,566	\$138,209,863	\$151,298,136
Marina services	\$169,553,541	\$6,782,142	\$7,424,400
	\$5,070,845,384	\$202,833,815	\$222,041,884

Choice the Task Force Has to Make

Sales Tax

BASE

RATE

Generates Revenues

Individual Income Tax

BASE

RATE or RATES

Generate Revenues

Account for 60 to 65% of State's Revenues