

Exemptions, Deductions, and Credits

Summary of Tax Exemptions, Deductions, and Credits Prior to 2016 Extraordinary Session (in billions of dollars)

Tax	FY 2015	FY 2016		Tax	FY 2015	FY 2016
Sales Tax	\$2.909	\$2.878		Public Utilities and Carriers	\$0.003	\$0.003
Individual Income Tax	\$2.257	\$2.317		Alcoholic Beverage Tax	\$0.003	\$0.003
CIFT	\$2.092	\$1.408		Hazardous Waste Disposal	<\$100,000	<\$100,000
Tax Incentive/Exemption Contracts	\$0.415	\$0.329		Telecommunications tax	<\$100,000	<\$100,000
Severance	\$0.378	\$0.251		Estimated Tax Loss due to Exemptions, Deductions, and Credits	\$8.258	\$7.468
Petroleum Products Tax	\$0.105	\$0.106				
Tobacco Tax	\$0.092	\$0.174				

Sales Tax Exemptions and Exclusions

- Important discussion on May 27 and June 3 on state and local sales tax
- Sales tax
 - Background
 - Recent changes
 - How does it fit together now
- Exemption v. exclusion
 - Estimates of each
 - What determines what is taxable?
- State and local
- Expanding the Tax Base—including Services
- Proposal submitted by Richardson, Sheffrin, and Alm—“over time state maintains augmented sales tax base but adjust rates so that all commodities and services are taxed at same rate.”

Individual Income Tax

- Louisiana Taxable Income is based on Federal Adjusted Gross Income, but with adjustments
- 23 adjustments to income (21 are deductions, 2 are add-backs).
- 56 nonrefundable credits on the PIT return
- 28 refundable credits on the PIT return, see spreadsheet called Refundable Tax Credit for Individual

Individual Income Tax

Exemptions and Exclusions

(type of Income subtracted from federal adjusted gross income to create Louisiana Taxable Income thereby creating income tax loss in millions of dollars)

Income Sources	FY 2015	FY 2016	FY 2017
Interest on state and local obligations			
Exemption for Estate or Trust			
Annual Retirement Income Exclusion	\$23.5	\$23.9	\$24.4
Disability Income Exclusion	\$5.5	\$5.6	\$5.7
State Employees, Teachers, and Other Retirement Exclusions	\$90.2	\$91.9	\$93.8
Federal Retirement Benefits Exclusion	\$30.7	\$31.3	\$32.0
Social Security Benefits	\$93.4	\$98.1	\$102.7
Military Pay Exclusion	\$6.0	\$6.1	\$6.2
Total	\$249.30	\$256.90	\$264.80

Individual Income Tax

Deductions

(expenditure, other deduction subtracted from federal adjusted gross income in creating Louisiana Taxable Income creating income tax loss in millions of dollars)

	FY 2015	FY 2016	FY 2017
Personal Exemption/Standard Deduction/dependent exemption	\$280.2	\$274.5	\$285.0
Other Deductions			
Excess Itemized Deductions	\$351.7	\$325.8	\$349.0
Deduction for START Savings	\$2.2	\$2.2	\$2.3
Deduction for Net Capital Gains	\$51.8	\$52.8	\$53.9
Elementary and Secondary School Tuition	\$21.7	\$22.2	\$22.6
Other School-related Deductions	\$3.1	\$3.2	\$3.2
All Others	\$6.0	\$6.1	\$6.2
Total	\$436.5	\$412.3	\$437.2

Individual Income Tax

**Exemptions Required by State Constitution, Federal Law or U.S. Constitution
(expenditure, other deduction subtracted from federal adjusted gross income in
creating Louisiana Taxable Income creating income tax loss in millions of dollars)**

	FY 2015	FY 2016	FY 2017
Federal Tax Liability	\$912.7	\$789.7	\$877.2
Interest on U.S. Obligations	\$1.7	\$1.7	\$1.7
Native American Income	\$0.2	\$0.2	\$0.2
Total	\$916.6	\$791.6	\$879.1

Individual Income Tax

Tax Credits

(Tax Credits are subtracted from Louisiana Tax Liability and denoted in millions of dollars)

	FY 2015	FY 2016	FY 2017
Net Income Paid To Other States	\$108.7	\$45.8	\$60.3
Earned Income Tax Credit	\$47.5	\$47.6	\$49.0
Rehabilitation of Historic Structures	\$38.3	\$33.9	\$37.2
LA Citizens Property Tax Insurance Assessment	\$40.6	\$27.4	\$29.2
Solar Energy System	\$38.2	\$20.0	\$20.0
Child Care Expenses	\$17.8	\$17.8	\$18.3
Education Credit	\$16.6	\$10.1	\$10.5
Inventory, Natural Gas, Offshore Vehicles, Certain telephone companies	\$50.1	\$14.4	\$33.4
All Others	\$16.6	\$19.9	\$6.1
Total	\$382.5	\$216.8	\$263.9

See the Spreadsheets with Different Assumptions Regarding Keeping Exemptions, Deductions, and Credits