

STATE OFFICERS:
BERTHA H. BRELAND
President
1201 N. Columbia St.
Bogalusa, LA 70427

JAMES T. STEWART
Past-President
1638 Creed St.
Pineville, LA 71360

NANCY L. QUIGLEY
First Vice-President
5210 Airline Dr.
Bossier City, LA 71111

JANIS M. HERNANDEZ
Second Vice-President
13313 Fleur de Lis Dr.
Gonzales, LA 70737

DISTRICT PRESIDENTS:
First: THEODORE H. GEORGE, Sr.
P.O. Box 15713
New Orleans, LA 70175

Second: BETH PLAISANCE
310 Barrilleaux St.
Lockport, LA 70374

Third: LAZETTE L. WATTERSON
P. O. Box 873
Bogalusa, LA 70429

Fourth: DOROTHY W. WILSON
12341 Shireburk Ave.
Baton Rouge, LA 70810

Fifth: VELMA D. HENDRIX
P. O. Box 116
Melville, LA 71353

Sixth: WILDA P. CHELETTE
2805 Wilson Dr.
Lake Charles, LA 70607

Seventh: BENJAMIN L. SANDIFER
1001 Oak St.
Jonesville, LA 71343

Eighth: RAYMOND POWELL
P. O. Box 523
Mansfield, LA 71052

Ninth: DOROTHY W. BROWN
1207 Maple St.
Winnsboro, LA 71295

Tenth: BECKY S. SOLLEY
607 Northwood Dr.
West Monroe, LA 71291

Eleventh: JOANN R. WEBB
1830 Venus Dr.
Bossier City, LA 71112

TRSL BOARD OF TRUSTEES:
JERRY J. BAUDIN, Ph. D.
15323 Alma Mater Ct.
Baton Rouge, LA 70810

JAMES A. TAYLOR, Sr., J. D., Ph. D.
8122 Royalwood Dr.
Baton Rouge, LA 70806

OGB BOARD:

AARP LOUISIANA:
BRENDA G. HATFIELD, Ph. D.
301 Main St., Suite 1012
Baton Rouge, LA 70825

LASS-R:
DONALD A. SONGY
37617 Seven Oaks Ave.
Prairieville, LA 70769

Louisiana Retired Teachers Association
9412 Common St., Suite 5 Baton Rouge, LA 70809
Telephone: (225) 927-8837 Fax: (225) 927-8838
www.lrta.net



Executive Director
RODNEY R. WATSON

September 9, 2016

Ms. Kimberly L. Robinson, Secretary
Louisiana Department of Revenue
P. O. Box 44098
Baton Rouge, LA 70804-4098

As Executive Director for the Louisiana Retired Teachers Association, I am writing on behalf of our nearly 23,000 members to provide written testimony concerning a tax expenditure authorized by the state of Louisiana. Specifically, in regards to Individual Income tax exemption for retired teachers as described in provisions of Title 11.

The following information targets the "Goals of the Budget and Tax Policy", specifically item B. Fairness. Our membership requests that this exemption be continued for the following reasons:

- A. Contributions by state employees to state retirement funds are paid in "after tax dollars"--similar in nature to a ROTH IRA. The taxes have already been withheld by the federal/state government. The employees do not receive an "offset" of these contributions against their income, similar to a 401K. As such, when the employee files for retirement, the payments are tax exempt, ie, taxes are not due, again similar in nature to payments from a ROTH IRA, because the taxes were paid when the income was earned. Additionally, teacher retirees in Louisiana generated approximately \$309 million in tax revenues for federal, state, and local governments in 2015.
- B. Research shows that teacher retention is one of the most significant factors in the successful education of students. Educators in Louisiana, and nationwide, make 17%-20% less than their counterparts in the private sector. A recent study completed by the University of California-Berkley showed that teacher retention was strongly linked to retirement benefits. In Louisiana continuing the state income tax exemption is a highly effect means for promoting teacher retention.
- C. Louisiana retirees did not pay into Social Security, which has provided regular Cost of Living Adjustments (COLA) since 1975, with an average increase of 4%. Recipients of Social Security have received COLAs 37

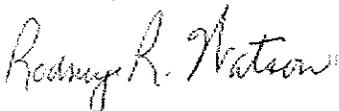
- D. times in the last 40 years. Although retired teachers in Louisiana received a Cost of Living Adjustment (COLA) this year, they are not prefunded like Social Security, and have not been enacted on a regular basis. This COLA was the second awarded since 2009 at a modest increase of 1.5 %. Therefore, continuing the income tax exemption ameliorates the low number of COLAs approved by the state legislature.

- E. Retirees in Louisiana have a significant and positive economic impact in the state of Louisiana. Obviously, if they have less money to spend on the goods and services they need, then their economic impact and the jobs that are created from these dollars would likely be reduced. The Teacher Retirement System of Louisiana (TRSL) paid almost \$2 billion to retirees and beneficiaries in FY 2015. Approximately 88% of TRSL retirees and beneficiaries live in Louisiana, positively impacting local economies across the state. Additionally, TRSL pensions support approximately 18,674 Louisiana jobs and nearly \$783 million in income, according to the most recent report from the National Institute on Retirement Security (NIRS). Eliminating the state income tax exemption would cause many of our retirees to move out of state taking those important benefits away from local economies.

In conclusion, we ask that Louisiana maintain the current state income tax exemption to provide for a higher quality of education based on teacher retention and to keep retirees in our state due to the critical importance of their benefits to the local economies.

I can be reached at your convenience to answer questions and for further comment at watson@lrta.net or by phone: 225.927.8837.

Sincerely,



Rodney R. Watson
Executive Director
Louisiana Retired Teachers Association