

Office of the Commissioner  
State of Louisiana  
Division of Administration

JOHN BEL EDWARDS  
GOVERNOR



JAY DARDENNE  
COMMISSIONER OF ADMINISTRATION

May 5, 2016

**MEMORANDUM**

TO: Dr. Jim Richardson, Chair  
Kimberly Robinson, Co-Chair  
Task Force on Structural Change in Budget and Tax Policy

FROM: Jay Dardenne, Commissioner of Administration  
and Task Force Member

I would like to propose two revenue concepts for discussion at the next meeting of the task force or at the appropriate time. Both are predicated on a determination by the Department of Revenue as to how much revenue could be realized in FY17 in order to consider some action by the task force pursuant to the Governor's request. I believe any response we give to the Governor should note that these are temporary solutions intended to bridge to a hopefully permanent structural solution during the 2017 regular session:

1. Allow only 50% of excess itemized deductions to be taken on individual tax returns. This is predicated on receipt of data from the Department of Revenue indicating that a reduction to 50% would still allow virtually all taxpayers to claim home mortgage payments and charitable contributions as excess itemized deductions.
2. Eliminate or reduce the ability of businesses to receive refundable tax credits; instead, allow credits to be claimed only against corporate or franchise taxes which actually are owed, providing for an indefinite carryforward in order to utilize the credits. Obviously, we will need the Department of Revenue to identify all refundable credits and quantify the amounts actually paid by the state to taxpayers who have not offset the credit against tax liability.

Both of these suggestions are for the purpose of discussion by the task force. I am not advocating on behalf of either proposal until we have a thorough discussion and gather the requisite data.