

# **Task Force on Structural Changes in Budget and Tax Policy**

## **Meeting Minutes**

July 8, 2016

### **I. Call to order**

The meeting of the Task Force on Structural Changes in Budget and Tax Policy convened at 9:18 a.m. on Friday, June 8, 2016 in the House Committee Room 1 located on the ground floor of the Louisiana State Capitol Building, 900 North Third Street, Baton Rouge, LA 70802.

### **II. Roll call**

a) The following Task Force Members were confirmed as present:

- Dr. James A. Richardson
- Kimberly L. Robinson
- V. Thomas Clark, Jr.
- Jason DeCuir
- Robert Travis Scott
- Barry Erwin
- Randy Roach
- Jay Dardenne
- William C. Potter
- Kimberly Robinson

Alternates:

- Scott Richard - Louis Reine

b) Approval of Minutes:

The minutes from the meeting on June 17, 2016 were approved as written.

c) Approval of Agenda:

The agenda was unanimously approved as distributed.

### III. Agenda Topics

- a) Follow-up: Corporate Income Tax by David Hoppenstedt, Louisiana Department of Revenue

Mr. Hoppenstedt briefly outlined a handout which answered questions that were asked during the Louisiana Department of Revenue's June 17<sup>th</sup> presentation to the Task Force. During the presentation, refundable credits and franchise tax liability were broken down into categories to provide more clarity.

- b) Presentation: Excise Tax Primer, Clarence Lymon, Field Audit Division, Louisiana Department of Revenue and Shirley Bonaccorso, Louisiana Department of Revenue

Mr. Lymon and Ms. Bonaccorso provided an overview on Severance and Excise taxes. The presentation included a comprehensive review of credits, exemptions and fees with respect to these tax types including emphasis on the following:

- Horizontal, Inactive and Deep Wells
- Timber Taxes
- Louisiana Cash Collection
- Motor Fuel Taxes
- Marijuana and Controlled Dangerous Substance Tax
- Petroleum Tax Collection
- Surface Mining
- Tobacco Tax Collection
- Oil Spill Contingency Fee
- Telecom Tax for the Deaf
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- Oilfield Site Restoration Fee
- Mineral Taxes
- Severance Taxes
- Inspection and Supervision Fee
- Alcohol Taxes
- Hazardous Waste Disposal Fee
- Transportation Taxes
- Natural Gas Franchise Tax
- Louisiana Rate of Tax
- Petroleum Tax collection

- c) Presentation: Casino Gaming Taxes by Wade Duty, Executive Director, Louisiana Casino Association

Mr. Duty provided information on the structure of the Casino Gaming industry in Louisiana and the effects the industry has at the state and national level. Brief background information was given on the history and distributional information of the riverboat gaming industry. Members discussed the AGR and collections of the local governing authorities of

FY12 – FY16. Racino tax structure, Land Based Casino tax structure and state tax revenue totals were also discussed. Mr. Duty outline gaming tax rates in other states and Louisiana 2018 Revenue shares as well. Competitive pressures and limitations on revenue were also identified during the presentation. Members briefly discussed possible ways of increasing gaming revenues without raising the tax rates as well as market demand, saturation and predictability.

d) Presentation: Local Spending in the State Budget by Barry Dusse, State Budget Office

Mr. Dusse provided information requested by the Task Force members on the topic of the state's budget and local spending. Emphasis was placed on the following topics:

- Spending in general fund, dedications and fees
- Spending level needed to rails money for the state
- Pension costs
- MFP
- Local Housing
- Supplemental pay for law enforcement
- Revenue sharing
- Pass through funding
- Means of Financing
- Department Budgets

Constitutional dedications and appropriations were discussed in length. Members discussed different scenarios of ways to distribute funds and the impact it would have on the budget. A comparison was also given of FY 2015-2016 budgeted to FY2016-2017 appropriated total funding and positions. The need to obtain clarity when estimating the budget from year to year was discussed. The approximate amount of revenue that the State intends to spend on public services in FY2017 was identified. What is and isn't included in this number was discussed. Funding of programs that are traditionally funded but not included in the general fund was also identified.

e) Presentation: Outcome of 2015 and 2016 Legislative Sessions by Dr. James Richardson, Louisiana State University

Dr. Richardson reviewed in detail changes in the tax base that were made and changes that will be mad due to legislations passed in recent Legislative Sessions. Considering services as a tax base was discussed as well as single factor apportionment. Major expansions and changes in the

sales tax base, changes in definition of corporate income and franchise tax and personal income tax changes were all identified. Other topics that were discussed in detail during the presentation were:

- Excise Taxes
- Tax Credits
- New and Expanded Revenue Stabilization Fund – Constitutionals Amendment
- Industrial Tax Exemption Program – Governor’s Executive Order
- Tax Changes
- Budgetary Balance<sup>3</sup>
- Distributional Impacts
- Comparison to other states
- Rankings as appropriate

#### **IV. New Business / Potential Agenda Items**

- a) Agenda topic for July 15, 2016 meeting: Local Governments
- b) Scheduling Task Force meetings for remainder of July and August
- c) HCR 25 Reports

#### **V. Adjournment**

The meeting was adjourned at 3:09 p.m.

Minutes submitted by: Marisha Patterson