

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

## **Meeting Minutes**

September 12, 2016

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

The meeting of the Task Force on Structural Changes in Budget and Tax Policy convened at 9:33 a.m. on Monday, September 12, 2016 in the House Committee Room 6 located in the basement 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.
- Dr. Jim Alm
- Louis Reine
- Mayor Randy Roach
- William C. Potter
- Jay Dardenne
- Sean Reilly
- Jason DeCuir

Alternate:

- Steve Procopio (Robert Travis Scott)

b) Approval of Minutes:

The minutes from the meeting on August 31, 2016 were approved as written.

c) Approval of Agenda:

The agenda was unanimously approved as distributed

### **III. Agenda Topics**

#### a) Task Force Goals for September Meetings:

In preparation for the final report, Task Force members agreed that the overall goal of the next three meetings would be to have a consensus or package put together as a statement on behalf of the Task Force. It was agreed upon by the members that excise taxes, gaming, insurance premium tax as well as gasoline and special fuel tax were the areas where minor to no change could be made in the recommendations to the legislation. Focus would be placed on corporate, income, sales and severance taxes. Members discussed the following issues and possibilities:

- Addressing insurance services being a category taxed under the possible expansion of taxing services.
- Gasoline excise tax
- Avoiding corporate tax breaks at the expense of the lower income
- Making recommendations that address adverse effects of states dependency on insurance rates. Should we adapt the Texas approach or Premium Tax Reform

#### b) Local Commentary: Frank L. Jobert, Jr., Legislative & Governmental Affairs Director, Retired State Employees Association (RSEA)

Mr. Jobert briefly outlined written “testimony” on behalf of the Retired State Employees Association (RSEA) which was submitted to the Task Force members regarding income taxation of state retiree benefits. The RSEA board is most concerned about the possibility of the repeal or phasing out of the individual state income tax exemption for retired state employees’ retirement benefits. During his testimony, Mr. Jobert expressed that the RSEA would implore the Task Force to continue to let the tax exemption/exclusion stand.

#### c) Presentation: Choices and Decisions, Individual Income Tax by Dr. James Richardson, Louisiana State University

Dr. Richardson continued an overview from the previous meeting of information gathered during previous task force meetings. The important factors to consider when establishing the budgetary framework were identified. During the framework discussion, the fundamental purpose of providing sufficient revenues to fund public services was highlighted. The

factors in successfully funding public services include: Dr. Richardson continued an

### **Exemptions, Deductions and Credits**

#### Suggestions for Exemptions and Credits

- Eliminate Federal Tax Liability in exchange for lower rates
- Excess Itemized Deductions: Allow up to \$7,500 per tax return
- Average retirement for Persons in Teachers and State Workers is around \$25,000. Allow retirement exemptions to be limited to first \$30,000 of a person's retirement. This will also be somewhat comparable to how the Federal government handles Social Security
- Possibly make following suggestions for other credits
  - Eliminate some education credits
  - Allow historic tax credit to be reviewed in 2021
  - film credit for existing credits to be redeemed over time; eliminate motion picture credit as of July 2017; review changes as suggested by LED
  - Keep earned income tax credit and child care credits and, if add food, etc. to sales tax base, increase from 3.5% to 10%
  - Establish inventory tax credit and natural gas tax credit at 50% of inventory ad valorem liability and gradually eliminate over a 5 year period

### **IV. New Business**

- a) Next meeting: Wednesday, September 14, 2016

### **V. Adjournment**

The meeting was adjourned at 12:22 p.m.

Minutes submitted by: Marisha Patterson