

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

## **Meeting Minutes**

October 17, 2016

### **I. Call to Order**

The meeting of the Task Force on Structural Changes in Budget and Tax Policy convened at 1:42 p.m. on Monday, October 17, 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
- Jason Decuir
- Steven Sheffrin
- Sean Reilly
- William C. Potter
- Robert Travis Scott
- Barry Erwin
- Louis Reine
- Randy Roach

Alternates:

- Barbara Goodson for Commissioner Dardenne

b) Approval of Agenda:

The agenda was approved as distributed.

c) Approval of the meeting minutes:

The minutes were approved with amendments.

### III. Agenda Topics

a) Local Commentary: Scott Richard , Louisiana School Board Association

Mr. Richard briefly defined and provided back ground information on the MFP calculation and local funding for public education. The following topics were discussed during the presentation:

- Local Wealth Factor
- The need to protect the MFP calculations and funding for public schools
- Placing scrutiny on the types of business eligible to receive the inventory tax credits
- Closer scrutiny on reported inventory
- Equalization in the formula for State funding
- Effects on the MFP when removing or modifying local ability to tax
- Local Districts ability to raise revenue in regards to Ad Valorem Tax
- “Flow through” dollars that pass through local districts to the retirement systems in order for the state to meet its obligations towards paying down the Unfunded Accrued Liability
- Potential impact of modifications to current tax policy
- Unintended consequences
- Bonds
- Methods of broadening the base without shifting the burden
- District concerns in regards to maintaining the sales tax rate

b) Discussion: Higher Education by Barry Erwin, CABL

During a discussion of higher education, Mr. Erwin presented a set of recommendations on higher education which include the following:

The task force recommends the following for the Board of Regents and management boards as applicable:

- Conduct a statewide review of the role, scope and mission of each public postsecondary institution in the state of Louisiana.
- Consider opportunities for operational and administrative mergers or consolidations within or across institutions to optimize state resources and make recommendations to the Legislature.

- Conduct a statewide and regional review of low-completer programs, graduate programs and targeted undergraduate programs and make recommendations for closing or consolidating programs based on 1) their ability to meet student and state needs and priorities; and 2) their sustainability given current and anticipated fiscal constraints.
- Develop policies to reduce duplication of programs while at the same time ensuring student access to higher education in each region of the state.

Members discussed the need to encourage more scrutiny and functionality in operational and administrative functions of higher education. Funding model of higher education, recent changes, shifting the burden to students and tuition autonomy were also discussed. The need to provide an affordable opportunity for citizens to get the education needed to be successful was also emphasized. In regards to retirement, the suggestion was made that language should be included in the final report that encourages our institutions of higher learning to move as quickly and as aggressively as possible to find defined contribution plans.

c) Discussion: Ad Valorem Taxation

**Sheffrin Motion:**

Dr. Sheffrin recommended to endorse a constitutional amendment that will empower local government to have approval in the ITEP process without removing LED and the Governor from the process and also that there be further statutory language that will accompany any constitutional amendment which will specify precisely what is meant by local government.

After an in-depth discussion, which included input from local representatives, the following language was agreed upon by the members:

The Task Force recommends that the legislature adopt a resolution amending the constitution and enact statutory provisions relative to the Industrial Tax Exemption as an economic development incentive program to grant local governments a role in the approval of the tax exemption and to include policies to maintain the ITEP as an economic development tool.

- Second by: Mr. Reine
- Moved Favorable by: Mayor Roach
- Opposition: No opposition

**IV. New Business**

- a) Upcoming Meeting Dates:
  - Friday, October 21. 2016
- b) Review of Outline: Sales and Income Tax Proposals by Dr. Richardson

**IV. Adjournment**

The meeting was adjourned at 4:36p.m.

Minutes submitted by: Marisha Patterson