

Task Force on Structural Changes in Budget and Tax Policy

Meeting Minutes

August 10, 2016

I. Call to order

The small group meeting of the Task Force on Structural Changes in Budget and Tax Policy convened at 2:22 p.m. on Wednesday, August 10, 2016 in the Mardi Gras Room located on the first floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802.

The following Task Force Members were present:

- Dr. James A. Richardson
- Kimberly L. Robinson
- V. Thomas Clark, Jr.
- Barry Erwin
- William C. Potter
- Jason Decuir
- Louis Reine
- Robert Scott

II. Agenda Topics

- a) Discussion: Group members were asked to prepare discussions points and recommendations toward the following questions:

Individual Income Tax

1. Which figures would you recommend be included in the proposal to reform the individual income tax rate and bracket structure? In this proposal, should the Task Force express a preference for the number of brackets in a reformed individual income tax structure?*
2. Which of the following preliminary recommendations should be formally considered by the full Task Force for incorporation into the final report?
 - Generally, tax credit and incentive programs should have a “cap.”
 - Sunset all tax credit programs; allow stakeholders for each credit to advocate for renewal.
 - Eliminate the Citizens Property Insurance Tax Credit.

- Either a) Cap the Tax Credit for Rehabilitation of Historic Structure during the next legislative session or b) allow this credit to remain unmodified until its sunset in January of 2022.
 - Distinguish between credits that incentivize positive public policy goals and credits that reward standard behavior.
3. Distinguishing between credits that incentivize positive public policy goals (or produce any other positive impact): which credits, exemptions, deductions, or incentives would you recommend for modification or elimination?
 4. Treatment of retirement income: should the Task Force recommendation propose any of the following:
 - Identical treatment of public-sector and private sector income
 - A phase-out of the exclusion based upon adjusted gross income;
 - Elimination of the \$6,000 exclusion of private-sector retirement income?

Sales Tax

1. What guidelines should the Task Force adopt as its methodology in proposing which services to tax? (Guidelines expressed thus far distinguish between services that would create issues of nexus or apportionment)
 2. Should the Task Force consider proposing a recodification of the sales tax statutes that clearly provides for exclusions, exemptions, etc.?
 3. Which exclusions and exemptions should the Task Force consider recommending for repeal? Should the exemptions and exclusions included in the "clean penny" of sales tax, Act 26 from the First Special Session of 2016, be the starting point for the recommendations?
- b) Other Items of Discussion:
- Acts 25 and 26 as starting point of potential base
 - Services
 - Keeping up with advances in business
 - Defining Tangible Personal Property vs. Services
 - Items on Fall Ballot
 - Taxing drugs, food and utilities
 - Marginal brackets
 - Earned income tax

III. New Business / Potential Agenda Items

- a) Agenda topic for August 12, 2016 meeting: Retirement Systems
- b) Small Group meetings August 16th and August 18th

IV. Adjournment

The meeting was adjourned at 4:13 p.m.

Minutes submitted by: Marisha Patterson