

Louisiana's Fiscal Future

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Current Fiscal Outlook

- Tax Changes
 - .45 Roll Off: ~\$455 Million
 - 2% Business Utilities Expiration: ~\$211 Million
- Dedications
 - \$340 Million Vehicle Sales Tax to TTF
- Education Stipends
 - \$247 Million teacher stipend, differential pay, and tutoring
- Current Deficit with Education Stipends:
 - **FY 26: \$587 Million**
 - **FY 27: \$617 Million**
 - **FY 28: \$755 Million**



Tax Reform Goals

- Stabilize state revenues with permanent reforms
- Adopt smart tax cuts without drastic revenue shortfalls
- Simplify our complex tax code
- Modernize the tax structure to reflect today's economy
- Improve tax competitiveness to generate long-term economic growth and opportunity



State Comparisons



2014	2024	
2014 Population: 4.646 Million	2024 Population: 4.59 Million	Population Change -1.21%
2014 Median Family Income: \$44,600	2024 Median Family Income: \$57,650	Median Income Change +29.26%



2014	2024	
2014 Population: 9.937 Million	2024 Population: 10.7 Million	Population Change +7.68%
2014 Median Family Income: \$46,600	2024 Median Family Income: \$68,610	Median Income Change +47.23%

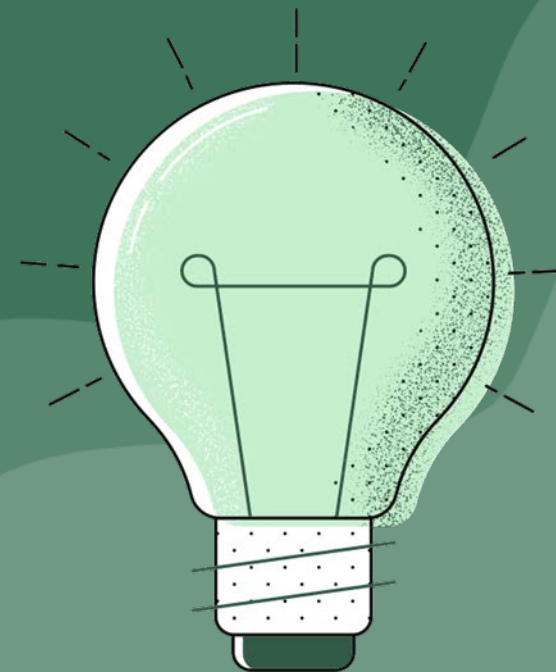


2014	2024	
2014 Population: 6.733 Million	2024 Population: 7.4 Million	Population Change +6.91%
2014 Median Family Income: \$50,100	2024 Median Family Income: \$82,660	Median Income Change +64.99%

Solutions Overview

Simplify Tax Structure

- Individual Income Tax Cut
 - Reduce Individual Income Tax Rates to a Single Flat Rate
 - Increase Standard Deduction
 - Simplify Tax Reduction Triggers
- Broaden Sales Tax Base
 - Eliminate and Consolidate Exemptions and Exclusions
 - Expand Base to Services and Digital Goods
 - Reduce Overall Rate
- Corporation Income Tax Reform
- Eliminate Corporation Franchise Tax
- Inventory Tax Reform
- Severance Tax Reform
- Article VII Fund Changes



Corporation Tax Incentives

Tax Incentive <i>(Credits, Rebates, Programs)</i>	No. of Claimants	Corp. Income <i>(139,944 Filers)</i>	Corp. Franchise <i>(13,409 Filers)</i>	Ind. Income <i>(2,124,970 Filers)</i>	Sales Tax Rebates	Revenue Loss	Economic ROI	Fiscal ROI
Inventory Tax	7,691	\$146,072,527	\$107,012,279	\$31,162,957		\$284,247,763	N/A	N/A
Quality Jobs	110	\$141,430,344			\$8,631,312	\$150,061,656	67.66%	-89.32%
Motion Picture	112	\$130,846,673		\$3,635,537		\$134,482,210	60.04%	-89.58%
Historic Structures	1,009	\$27,110,506	\$4,276,716	\$54,872,368		\$86,259,590	13.61%	-91.15%
Enterprise Zones	168	\$17,200,604	\$435,511	\$2,809,619	\$2,624,404	\$23,070,138	23.76%	-91.41%
Digital Media	41	\$16,871,297		\$43,580		\$16,914,877	80.11%	-88.84%
Research & Development	199	\$1,229,292	\$1,544,255	\$8,714,537		\$11,488,084	-8.97%	-92.67%
Retention & Modernization	4	\$2,040,000	\$262,000			\$2,302,000	4.66%	-94.37%
Industrial Tax Equalization	26	\$1,309,022	\$461,097	\$434,839		\$2,204,958	-16.52%	-95.19%
Angel Investor	252	\$25,965	\$54,654	\$1,701,395		\$1,782,014	-18.70%	-92.71%
Manufacturing Establishments	3	-\$75,096	-\$41,424		\$1,002,950	\$886,430	N/A	N/A
Musical & Theatrical	4	\$758,797				\$758,797	N/A	N/A
Sound Recording	2	\$47,229				\$47,229	N/A	N/A
Totals	9,621	\$484,867,160	\$114,005,088	\$103,374,832	\$12,258,666	\$714,505,746		

Budget Stabilization (Rainy Day) Fund

- Current Balance: **\$ 1,057,762,279.74**
- Funding Mechanisms:
 1. Funds from SGF & dedicated funds in excess of the expenditure limit (excludes severance & royalties)
 2. All revenues received by the state as a result of production or exploration of minerals in excess of \$750 Million (this number can change)
 3. 25% of money designated in the official forecast as nonrecurring
 4. Money appropriated by the legislature
 5. Money received by Feds for reimbursement of costs associated with a federally declared disaster, not to exceed actual costs
- Cap: 4% of total state revenue receipts for previous FY

Budget Stabilization (Rainy Day) Fund

- Appropriations:
 1. If official forecast of recurring money for next FY is less than official forecast of recurring money for current FY, then the difference (not to exceed 1/3 of fund balance) shall be incorporated into next FY official forecast after 2/3 vote
 2. If a deficit for current FY is projected due to a decrease in the official forecast, an amount equal to 1/3 of the fund not to exceed the projected deficit may be appropriated after a 2/3 vote
 3. If there is a federal declared disaster, up to 1/3 of the fund not to exceed actual costs may be appropriated after a 2/3 vote
- In no event shall the amount included in the official forecast for the next FY pursuant to (1) + the amount appropriated in the current FY pursuant to (2) + the amount appropriated pursuant to (3) exceed 1/3 of the fund balance at the beginning of the current FY

Revenue Stabilization Trust Fund

- Current Balance: **\$2,767,181,114.47**
- Funding Mechanisms:
 1. Corporation income and franchise revenue in excess of \$600 Million
 2. 70% of mineral revenues between \$660 Million - \$950 Million
- In any FY in which the balance of the fund at the beginning of the year is in excess of \$5 Billion, can appropriate an amount not to exceed 10% of the fund balance for:
 1. Transportation infrastructure
 2. Capital outlay
- Legislature may authorize an appropriation in an emergency from the fund at any time for any purpose after a 2/3 vote

Proposed Constitutional Fund Changes

Responsible Use of Funds for Budget Stability

- Combine Budget Stabilization Fund and Revenue Stabilization Fund
- Increase BSF cap to 7.5% of total state revenue receipts for previous FY
 - RSF transferred from the Constitution to statute
 - Deposit the excess of the current BSF balance over 7.5% of total state revenue receipts of the prior fiscal year
 - No new funding is applied to RSF
 - Sunsets 2027
 - If a balance remains at sunset, funds are deposited into SGF
 - 10-20% of CIFT revenue → BSF
 - If BSF reaches cap, this revenue is designated as nonrecurring and available for appropriation
 - 10-20% of mineral revenue → BSF
 - If BSF reaches cap, this revenue is designated as nonrecurring and available for appropriation

Proposed Timeline

- **November 2024:** Special Session between Election Day & Thanksgiving
- **January 1, 2025:** Income Rate Reduction
- **March 29, 2025:** Constitutional Changes
- **April 14, 2025:** Fiscal Session begins with stable budget picture

