

Task Force on Structural Changes in Budget and Tax Policy

Meeting Minutes

April 8, 2016

I. Call to order

The meeting of the Task Force on Structural Changes in Budget and Tax Policy was called to order at 9:10a.m. on April 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
- William C. Potter
- Jay Dardenne
- V. Thomas Clark, Jr.
- Dr. James Alm
- Dr. Steven M. Sheffrin
- Sean Reilly
- Robert Travis Scott
- Barry Erwin
- Randy Roach
- Louis Reine

Delayed Arrival:

- Jason DeCuir

B) The minutes from the meeting on April 1, 2016 were approved as written.

C) Approval of Agenda:

The agenda was unanimously approved as distributed.

III. Agenda Topics

A) Presentation on State and Local Tax Structure

- i. Dr. Jim Richardson, Alumni Professor and Public Administration, Louisiana State University
- ii. Dr. Greg Upton, Assistant Professor, Center for Energy Studies, Louisiana State University

An overview of the history of State and Local Tax Structure, 1964 through 2020, was given by Dr. Richardson and Dr. Upton provided an overview composition of state taxes, revenue shares and revenue sources with emphasis on the following:

- Louisiana tax revenues by source
- Changes affecting state tax collections
- National tax burdens
- State budget, PIT revenues and mineral revenues
- Exemptions, Exclusions, Rebates and Credits
- Interstate corporate and income tax comparisons
- Gaming Activity

During an overview of the history of the Louisiana Tax Structure, it was made evident that both the Legislature as well as factors that were unpredictable and out of anyone's control have resulted in forming the current tax structure. It was concluded that the ultimate goal for future tax structure changes is to raise funds for the state while minimizing negative effects and addressing fairness issues.

Changes in the overall composition of the State Tax Structure were identified. Over time, the State has diversified and moved away from relying heavily on minerals. It was determined that Sales and Income tax have become the greatest share of the total tax composition. By 2018, sales and income tax combined will be more than 38% of the total composition. Discussion took place on what will be the appropriate and most beneficial composition for the future. The burden of sales tax was confirmed to be divided between both consumer and business. It was determined by the members that how we make use of the state sales tax will need to be evaluated as we look at recommendations for changes.

During an in-depth discussion on inventory taxes, the need was identified to compare parishes which rely on inventory taxes to parishes that don't. It was also concluded that other taxes and policies that are limiting the parishes' capability of collecting need to be identified and addressed.

B) The following Agenda items were deferred to the April 22nd meeting due to time constraints:

- How we finance public services in Louisiana in April 2016, April 2018, and the future
- What tax changes would it take to fund FY 2017 Executive Budget at Continuation Level

C) Meeting Dates

The following dates, times and locations were unanimously agreed upon for the remainder of Task Force meetings during the month of April:

- April 15th, No Meeting
- April 22nd, Meeting will take place at the Business Education Complex, Louisiana State University at 9:00a.m.
- April 29th, Meeting at Louisiana Capitol, House Committee Room 1 at 9:00a.m.
- May meetings will be scheduled at the April 29th meeting

IV. New Business

A) Coordinating data sharing with Ad Valorem Tax Task Force

It was brought to the attention of members that meetings will begin the week of April 11th for the Ad Valorem Task Force which has a similar but less broad focus. With 3 members serving on both tasks forces, the consensus was that while the sharing of data and findings would be beneficial to all involved, this Task Force would have to move forward with the set timeline of agenda items to remain productive.

B) Motion to Adopt Roberts Rules of Order

After an explanation by Mayor Roach of how Roberts Rules of Order are implemented, Mr. Reine moved to adopt the procedures and Mr. Clark seconded the motion. The Rules were adopted with no objection.

C) Voting Procedures

A discussion was held on the process of voting to adopt recommendations to the Legislature. The members agreed that a minimum of 24 hours and up to one week needs to be given to review recommendations before the official vote is cast.

D) Discussion on Issues to Consider in Evaluating Tax Structure Changes

V. Possible Agenda Items for Future Meetings

- Industrial Tax Exemptions vs. Tax Beneficiaries
- Inventory Tax discussion
- Tax Items on Fall 2016 ballot
- Distribution Analysis: Special Session and beyond
- Quality Jobs and Competitive Projects Incentives Programs
- Framework discussion on where money will come from in new tax structure
- Streamlining Documents on Exclusions and Exemptions from Rep. Stokes

VI. Adjournment

Secretary Robinson adjourned the meeting at 12:01 p.m.

Minutes submitted by: Marisha Patterson