

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

## **Meeting Minutes**

June 3, 2016

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

The meeting of the Task Force on Structural Changes in Budget and Tax Policy convened at 9:27 a.m. on June 3, 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
- Dr. James Alm
- V. Thomas Clark, Jr.
- Jason DeCuir
- Louis Reine
- Robert Travis Scott
- Barry Erwin
- Randy Roach
- Jay Dardenne

Alternates:

- Brandon Lagarde (William C. Potter)

b) Approval of Minutes:

The minutes from the meeting on May 27, 2016 were approved as written.

c) Approval of Agenda:

The agenda was unanimously approved as distributed.

### **III. Agenda Topics**

a) Presentation: Taxing Services by Dr. James Alm, Tulane University

Dr. Alm provided information on the possible effects of expanding Louisiana Sales Tax by taxing more services than are currently taxed. During the discussion Dr. Alm identified the distributional effects on sales tax burdens and tax rates that the expansion would have. During the presentation, the overall goal of expanding the number of services that are taxed was identified as increasing revenue and lowering tax rates. During a discussion of the pros and cons of taxing more services, the progressivity vs. regressively or taxing services was discussed in length. Growth trends, national service consumption by income, Louisiana state services consumption burden by income decile and other consumption trends were also discussed. Three possible service tax expansion scenarios and the amount of revenues generated in each were discussed.

- b) Local Commentary by Mark West, Sales Tax Collector, Ascension Parish and Donna Andrews, Local Collector, Rapides Parish

As a follow up to Dr. Alms' presentation on Taxing Services, Mr. West began his commentary with a discussion of the taxability of entertainment services. He expressed his concern of the loss of taxes for services which were intended to be taxed. The complexity of what qualifies as tangible personal property was discussed in length. Mr. West provided an overview of his duties as a Sales Tax Collector and also addressed the relationship between local sales tax collectors and local businesses. The need for the tax collection process to keep up with the pace of changes in technology was identified. The cost and gain of having a more uniform based was also discussed in length by Mr. West and Ms. Andrews.

- c) Local Commentary by Ronnie Harris, Executive Director, Louisiana Municipal Association and John Gallagher, LMA, Director of Governmental Affairs

Mr. Harris and Mr. Gallagher provided commentary on the connection between taxes, services and government. Mr. Harris described in detail the impact and responsibilities of municipalities in relation to local and state government. The varying needs of individual municipalities were identified as well as the impact of tax legislation on the daily lives of individuals. Mr. Harris also gave commentary on the possible benefits of using technology in centralized tax collection. State vs. Local tax collection laws were also discussed along with economic incentives and inventory tax collection.

- d) Local Commentary by Roland Dartez, Executive Director, Police Jury Association of Louisiana

Mr. Dartez briefly provided background information on current legislative efforts of his organization. The allocation of funds collected and sources of revenues enhancements within the parishes were discussed. Exemptions and funding programs that parishes find beneficial were identified. Mr. Dartez will return in July to provide a list of items and issues which may be considered beneficial for possible future recommendations.

- e) Local Commentary by Scott Richard, Executive Director, School Boards Association and Dan Garret, Attorney

Mr. Richard provided a brief historical background of school boards and the relationship with local collectors. Concerns on the mechanics and details of a state centralized collection process were given by Mr. Richard. Constitutional rights of local tax collection were also identified.

- f) Presentation: Exclusions vs Exemptions by Peggy Parker and Emily Toler, Louisiana Department of Revenue

Ms. Parker and Ms. Toler provided information on the definitions of exclusions and exemptions. The fundamental differences in how an exclusion is interpreted and applied versus how an exemption is interpreted and applied were discussed. Ms. Parker proved the definitions for both exemptions and exclusions and statures where these definitions can be found. Burden of proof and economic reasons were identified as the two main reason taxpayers prefer an exclusion over an exemption. A brief history of the suspension and protection of certain exemptions was given and the effects of those Acts. Acts 25 and 26 of the First Extraordinary Session were outlined in detail.

#### **IV. New Business / Potential Agenda Items**

- a) Agenda topic for June 10, 2016 meeting: Corporate Income Tax
- b) How to handle 60% of revenues for the state
- c) Presentation on Heavy Equipment Rental Industry

#### **V. Adjournment**

The meeting was adjourned at 3:07 p.m.  
Minutes submitted by: Marisha Patterson