

Task Force on Structural Changes in Budget and Tax Policy

Meeting Minutes

May 20, 2016

I. Call to order

The meeting of the Task Force on Structural Changes in Budget and Tax Policy at 9:21 a.m. on May 20, 2016 in the Senate Committee Room E 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
- Dr. Steven M. Sheffrin
- V. Thomas Clark, Jr.
- Jason DeCuir
- Sean Reilly
- Robert Travis Scott
- Barry Erwin
- Randy Roach
- Louis Reine
- Jay Dardenne

Alternates:

- Ronald Gitz (William C. Potter)

B) Approval of Minutes:

The minutes from the meeting on May 13, 2016 were approved as written.

C) Approval of Agenda:

The agenda was unanimously approved as distributed.

III. Agenda Topics

A) Presentation: Demographic and Revenue Trends, Individual Income and Related Expenditures by Peter Morrison, Deloitte Consulting LLP and Luke Morris, Assistant Director, Louisiana Department of Revenue

Mr. Morrison and Mr. Morris provided updated information based on questions asked by members during the May 13, 2016 meeting. The previous presentation by Mr. Morrison and Mr. Morris on a comparison of the tax structure of Louisiana vs. the tax structure of southern peer states was updated to include information on the following:

- Hurdles presented when taxes become applicable at different income levels
- Excise itemized deductions by state
- Federal income tax deductions by state
- Per capita analysis of income and tax by state
- Tax information on Texas and Florida
- Distributional effect of income at low, medium, and high income levels of States with comparable populations
- Medicaid match rate comparison
- Comparison of effective tax rates
- Changes in Louisiana median household average over time

B) Review and Discussion of Exemptions, Deductions and Credits Applicable to the Income Taxes by Dr. Jim Richardson, Louisiana State University

Dr. Richardson provided a summary of tax exemptions, deductions and credits prior to the 2016 first extraordinary session. The information presented demonstrated what modifications to exemptions, deductions and credits may have the greatest effect on changing the tax base for the state. The cost vs. benefit as well as the complete removal of various exemptions, deductions and credits was examined in length.

C) Presentation: Louisiana Corporate Tax Revenue Proposals: Kevin Richard, Deputy Secretary, Louisiana Department of Revenue

Mr. Richard presented a document from the Louisiana Department of Revenue outlining trends in Louisiana corporate income tax, single sales apportionment and interest and dividend apportionment. After an in-depth discussion of the information presented, members requested more information on the topic in future meetings before the related proposals are voted on.

D) Review: Recommendation to Governor and State Legislature Regarding Fiscal Actions to be Taken in Special Session if A Session Must Be Called

A broad based proposal was presented by Dr. Richardson. This draft proposal was composed to follow up to a request for special session recommendations from Governor Edwards in a letter dated April 28, 2016. After an in-depth discussion of language, several amendments were presented and the members finalized the language. The recommendations were adopted as amended with no opposition.

IV. New Business / Potential Agenda Items

- A) Agenda topic for May 27, 2016 meeting: Sales Tax
- B) Presentations and commentary by:
 - Local Government
 - Rep Stokes
 - Local Attorneys
- C) Presentation on Senate Bill 55 Review by Mayor Roach
- D) HB1120 by Representative John Schroder on the Tax Institute

V. Adjournment

Dr. Richardson adjourned the meeting at 3:24 p.m.

Minutes submitted by: Marisha Patterson