

Task Force on Structural Changes in Budget and Tax Policy

Meeting Minutes

July 29, 2016

I. Call to order

The meeting of the Task Force on Structural Changes in Budget and Tax Policy convened at 9:24 a.m. on Friday, July 29, 2016 in the House Committee Room 5 located in the basement 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
- V. Thomas Clark, Jr.
- Mayor Randy Roach
- William C. Potter
- Louis Reine
- Jason DeCuir
- Barry Erwin
- Jay Dardenne

Alternates:

- Rudy Gomez (Sean Reilly)

b) Approval of Minutes:

The minutes from the meeting on July 22, 2016 were approved as written.

c) Approval of Agenda:

The agenda was unanimously approved as distributed.

III. Agenda Topics

- a) State Collection of Sales Taxes by Greg Ruppert, Bureau of Revenue and Taxation for Jefferson Parish Sheriff's Office and Mark West, Ascension Parish Sales and Use Tax Authority

Mr. Ruppert and Mr. West presented information on two projects that their organizations have been working on dealing with sales tax. The first proposed project is the Louisiana Uniform Local Sales Tax Board which would aim to provide uniformity and efficiency in the collection and administration of local sales and use taxes. The second program is the Louisiana Tax Commission for Remote Sellers which would position Louisiana to collect state and local sales taxes on internet purchases should current prohibition be removed. These two proposals have evolved over the past 18 months with input from various involved entities.

Mr. Ruppert and Mr. West briefly outlined the purpose, governance, staffing, domicile, duties, funding and responsibilities of the two programs. Rules and regulations which would be promulgated by the boards were also identified. Members discussed in length potential complications in multi-parish audits and potential conflicts between parishes in regards to disputes on allocation of taxes collected. The effects that each of the programs would have on different business industries were also discussed. Members also asked questions concerning the uniformity in the tax base, collections and auditing under the programs.

- b) Presentation: Impact of Sales Tax on Louisiana School Boards by Dannie Garrett, Louisiana School Board Associations

Mr. Garrett provided an overview of the connection between local sales tax collections and the Louisiana School Board Association. While giving a list of concerns that the School Board Association has in regards to sales tax, Mr. Garrett identified that Louisiana school boards rely on revenues from sales tax for educational funding as well as building and maintaining schools. He also identified the role of school boards as parish sales tax collectors for over half of the parishes in the state. These two aspects create a unique involvement in which they are both the collectors and reliant on the revenues generated from sales tax.

During a discussion on the current sales tax structure, Mr. Garrett provided commentary on the complexity of the current tax base. The need to create a base with more uniformity was discussed in length. Advantages of allowing public input in broadening the base and making it constitutional discussion.

Efforts to resolve the multi parish audit process were discussed in length. Members asked questions concerning the schoolboards maintaining their core issue of education while handling state, local and federal dollars. The financial structure of the collection process was also discussed.

c) Local Commentary: Jay Campbell, Associated Grocers

Mr. Campbell briefly spoke about concerns in regards to the complexity of the sales tax collections from a retailer's perspective. The confusion during the process of determining if food is for being purchased for immediate consumption or consumption in the home was discussed. Food purchased for home consumption is exempt from state taxation and only taxed at the local level whereas food for immediate consumption is fully taxable on both the state and local level. The retailer's responsibility and liability exposure in the tax collection process was discussed in length. The need to redefine and identify all food items that are eligible for taxation and standardizing audits, exemptions, definitions and exclusions to improve the system was discussed.

d) Presentation: Mineral Revenues and Severance Taxation by Tyler Grey, Staff Attorney, Louisiana Mid-Continent Oil and Gas Association, Ted Tinard, Severance Sales and Use Tax Chair, Louisiana Mid-Continent Oil and Gas Association and Chris Dicharry

Mr. Tinard began his presentation with a discussion of the current issues with oil severance tax. Current statutes and regulations were identified and procedures of current auditors where discussed in length. Changes in the industry from the late 1990's to current day were identified. Practices and procedures in determining the taxable value of oil over the last decade were discussed by the presenters and task force members as well. Standards for oil were also discussed in concerns to determining the market price.

IV. New Business / Potential Agenda Items

- a) Agenda topic for August 12, 2016 meeting: Retirement Systems
- b) No meeting on Friday, August 5, 2016
- c) Scheduling of Small Group meetings

V. Adjournment

The meeting was adjourned at 3:09 p.m.

Minutes submitted by: Marisha Patterson