

Task Force on Structural Changes in Budget and Tax Policy

Meeting Minutes

September 23, 2016

I. Call to order

The meeting of the Task Force on Structural Changes in Budget and Tax Policy convened at 9:02 a.m. on Friday, September 23, 2016 in the House Committee Room 6 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
- Jason Decuir
- V. Thomas Clark, Jr.
- Mayor Randy Roach
- William C. Potter
- Jay Dardenne
- Robert Travis Scott
- Randy Erwin

b) Approval of Minutes:

The minutes were approved as written.

c) Approval of Agenda:

The agenda was unanimously approved as distributed

III. Agenda Topics

a) Follow-up information by Luke Morris, Louisiana Department of Revenue

Mr. Morris briefly provided follow up information on the topic of excess itemized deductions. The average amount of itemized deductions for all Louisiana taxpayers was provided. Information on home mortgage and charitable contributions was also provided. In a memo drafted by the department, Mr. Morris also answered questions from the Task Force

members in regards to deductions for elementary and secondary non-public school tuition. Task Force members

b) Local commentary: Jeanine Theriot, Audit Manager, Jefferson Parish

Ms. Theriot provided information on the taxation of medical devices, prescriptions drugs and food. Members discussed the impact that income from these categories has at the local level. Items are considered as medical devices and qualify for the reduced rate was also outlined by Ms. Theriot as well as the consistency among parishes and reasons for rate differences. Members also discussed possible complications with other medical related exemptions.

c) Requests of Heavy Equipment Rental Industry

Members discussed information that was included in a letter to the Task Force from the Heavy Equipment Rental Industry outlining specific requests from the Industry. Topics included in the letter included:

- Exclusions that were temporarily suspended under Act 25
- Inventory Tax Credit reform
- Changes that were made in 2015 to the definition of inventory for the purpose of a tax credit
- Treatment of inventory being held for lease
- Act 415

d) Discussion: Inventory Tax and Inventory Tax Credit

During an in-depth discussion of the inventory tax and the inventory tax credit, members discussed structural issues that are faced in the current credit structure and possible steps that are needed to make structural changes to the credit. The need to work with other commissions to fully address the issues was discussed in length. Members agreed that a holistic approach would be the most beneficial approach to take when addressing the credit. Other topics that were discussed included:

- Overall change to the financial atmosphere
- Local governments role
- Budgetary issues
- Defining refundables and non-refundables
- 25% reduction
- Impact of 25% reduction vs. 50% reduction

- Importance of policy
- Methods used by neighboring states
- State and local connection

e) Discussion: Industrial Tax Exemption

During a discussion of the industrial tax exemptions, the following topics were addressed by members:

- Direct and indirect costs associated with development
- Impact on local government
- Different taxing jurisdictions at the local level
- Economic competitiveness

IV. New Business

a) Next meetings:

- Monday, September 26, 2016
- Wednesday September 28, 2016

V. Adjournment

The meeting was adjourned at 11:31 a.m.

Minutes submitted by: Marisha Patterson