



Presentation of LABI Research

**HCR11 Task Force
on Structural Changes in Budget/Tax Policy
August 2016**

LABI Research in 2015 and 2016

- › Budget Basics #1, #2, and #3
- › Fiscal Session Outcomes reports
- › Annual Program of Work

www.labi.org

Five Ways to Reform the Louisiana State Budget

1. Unlock dedications and remove unnecessary obstacles to prioritize state spending.
2. Reform the budget structure and process for long-term improvements.
3. Reduce state spending and limit the growth of government.
4. Enact greater transparency and public input in the budget
5. Adopt a pro-growth tax code that is simple, efficient, and nationally competitive.

#1: Unlock dedications to prioritize state spending.

Abolish most dedications.

Establish zero-based budgeting for dedications.

Place a higher threshold for new dedications.

Strengthen existing review processes.

Institute sunset dates.

Send interest to the General Fund.

Consider an overhead charge.

#2: Reform the budget structure and process.

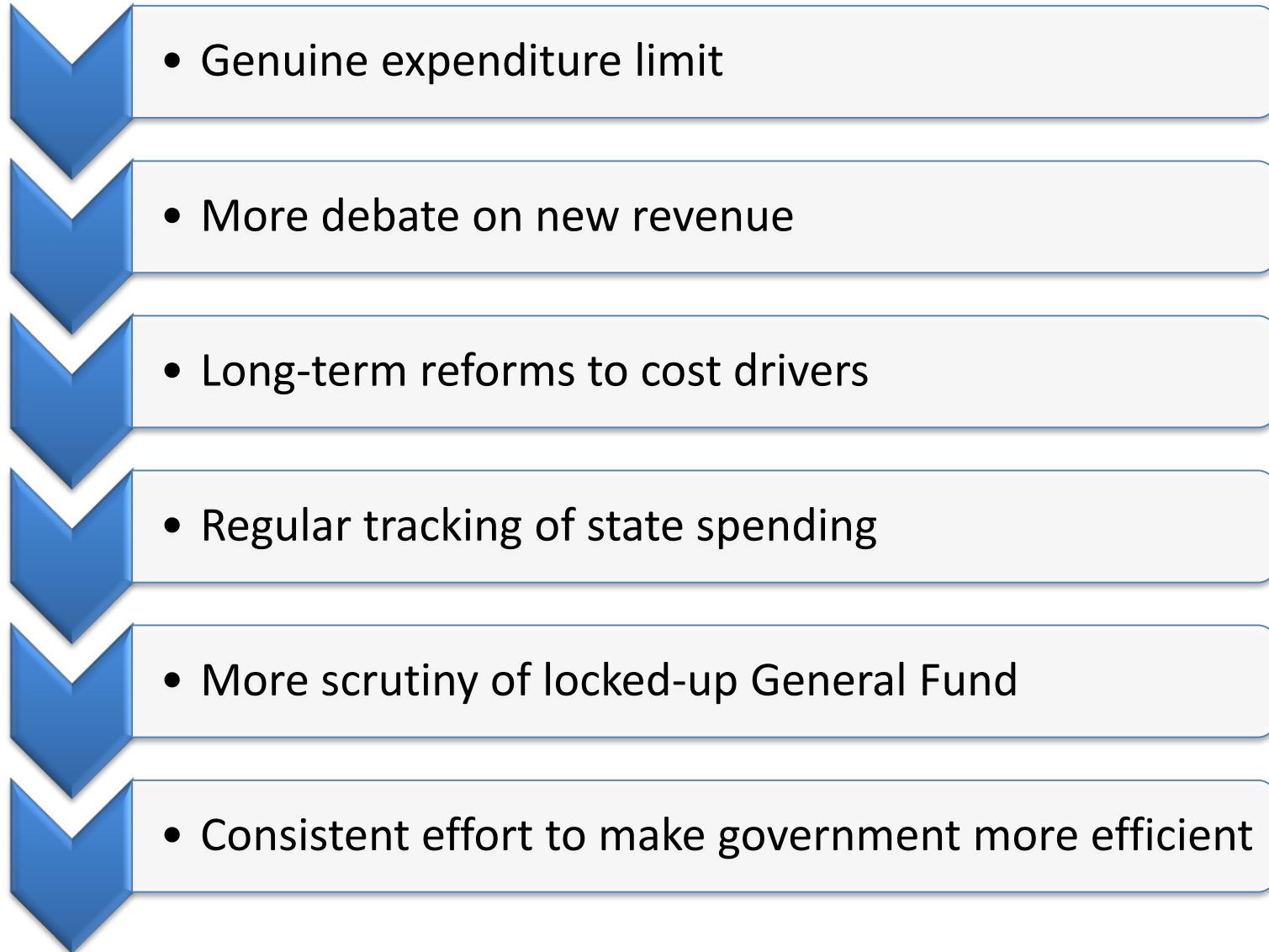
Zero-based budgeting

Capital outlay reform

Improved forecasting

Better expenditure estimates

#3: Limit the growth of government.

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- Genuine expenditure limit
 - More debate on new revenue
 - Long-term reforms to cost drivers
 - Regular tracking of state spending
 - More scrutiny of locked-up General Fund
 - Consistent effort to make government more efficient

#4: Enact greater transparency and public input in the budget.

Spending
transparency
across state
and local
government

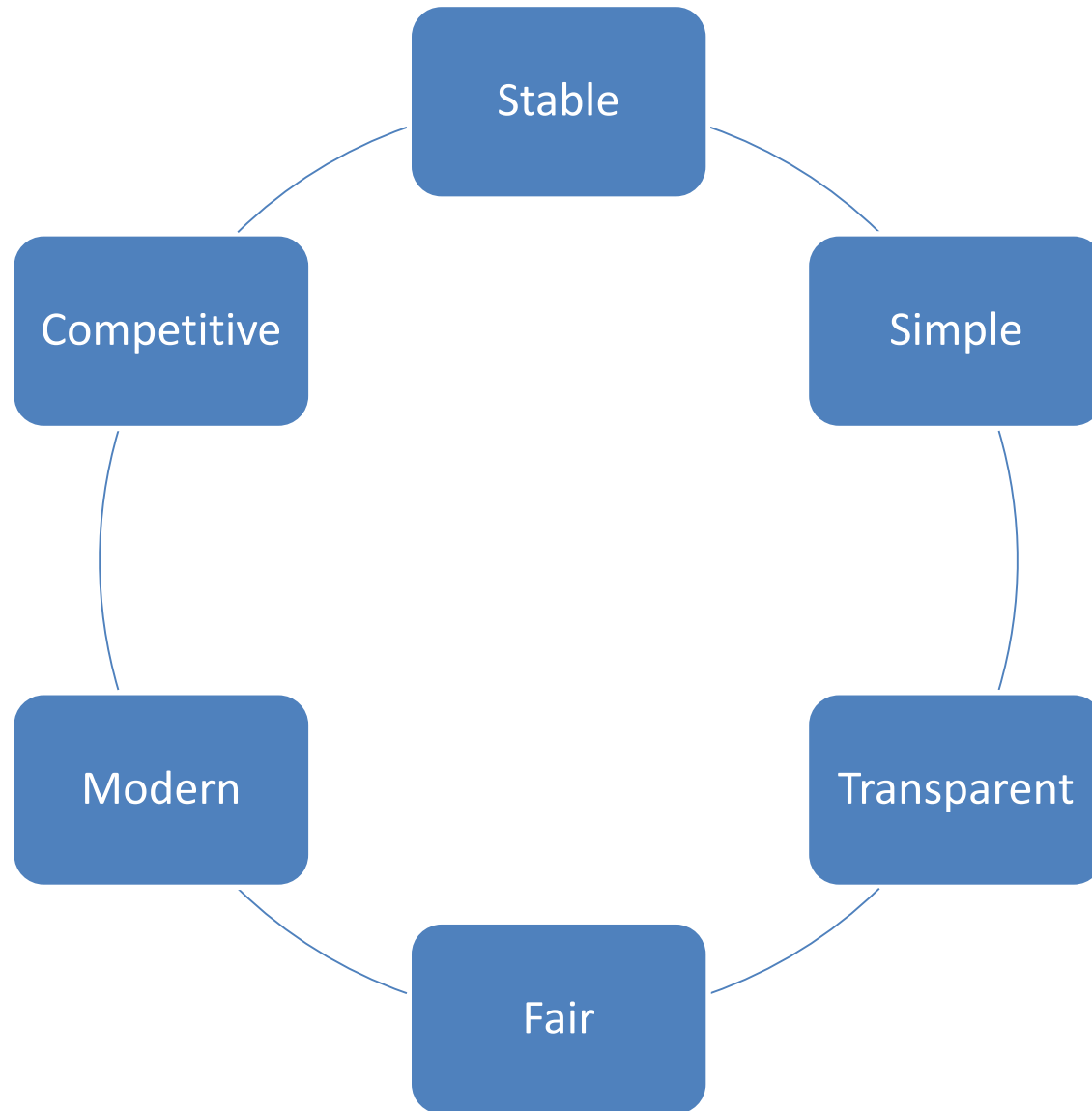
Clear annual
mandated
costs in the
budget

Outcomes-
based
funding in
higher
education

Agency
performance
scorecards

Formal
public-
private
long-term
framework
to drive
accountability

#5: Adopt a pro-growth tax code.



Real Reforms Necessary to Improve the La. Business Tax Climate

- #37 • Business Tax Climate (Tax Foundation)
- #1 • Highest corporate income tax rate in the South (Tax Foundation)
- #2 • Highest corporate franchise tax rate in the nation (Tax Foundation)
- #3 • Most state/local sales tax on business inputs (Council on State Taxation)
- #4 • Greatest annual increase in business taxes (Council on State Taxation)
- 2 • States without centralized sales tax collections (Tax Foundation)
- 3 • States cap carry-forwards of Net Operating Losses (Tax Foundation)
- 9 • States tax manufacturing machinery and equipment (Tax Foundation)
- 10 • States tax inventory statewide (Tax Foundation)
- 14 • States tax manufacturing utilities (Tax Foundation)