Regular Session, 2010

HOUSE CONCURRENT RESOLUTION NO. 103

BY REPRESENTATIVE MICHAEL JACKSON

TAX/INCOME TAX: Urges and requests the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs to consider changes to the excess federal itemized deduction

1	A CONCURRENT RESOLUTION
2	To urge and request the House Committee on Ways and Means and the Senate Committee
3	on Revenue and Fiscal Affairs to meet and consider the impact of potential changes
4	in the amount of the individual income tax deduction for excess federal itemized
5	deductions.
6	WHEREAS, in 2002 the implementation of the Stelly Plan added an element of
7	progressivity to Louisiana's tax policies by substituting increases in state income taxes for
8	decreases in state sales taxes on food and residential utilities; and
9	WHEREAS, this change was effectuated through balancing the loss of one source
10	of revenue with an increase in another, specifically through adjustment of individual income
11	tax brackets, elimination of the individual income tax deduction for federal itemized
12	deductions in excess of the federal standard deduction, and by a phase out of state sales taxes
13	on food and utilities for the home; and
14	WHEREAS, there were but three years intervening between this substantial policy
15	change and the effects of the hurricanes of 2005; and
16	WHEREAS, the storm recovery resulted in a massive infusion of federal money into
17	the state, which in turn led to greatly inflated sales tax and corporate income tax collections,
18	which collections, along with an unusually high price for oil, contributed to state general
19	fund surpluses; and

1 WHEREAS, the causes for these spikes in revenue were temporary, being based on 2 natural disasters and the fickle price of a commodity; and 3 WHEREAS, in light of these temporary surpluses, Act No. 399 of the 2007 Regular 4 Session of the Legislature and Act No. 396 of the 2008 Regular Session of the Legislature 5 instituted a reversal of one half of the tax swap policy provided by the Stelly Plan; and 6 WHEREAS, the loss in revenues attributable to the adjustment of the tax brackets has been estimated to be in excess of \$350 million per year, and the loss attributable to the 7 8 renewal of the deduction for excess federal itemized deductions has been estimated to 9 exceed \$300 million per year; and 10 WHEREAS, a loss of over \$650 million in annual revenue has and will continue to 11 have a significant impact on Louisiana's ability to meet its obligations in areas such as 12 education, health care, roads, capital needs, and the unfunded accrued liability of the 13 retirement systems; and 14 WHEREAS, this loss is compounded by the overall downturn in the revenues of the 15 state and its local governments during this recession; and 16 WHEREAS, the five-year baseline projection of state general fund revenues provided 17 by the division of administration to the Joint Legislative Committee on the Budget on March 18 19, 2010, indicates an estimated state general fund revenue shortfall of over \$2.3 billion for 19 Fiscal Year 2011-2012; and 20 WHEREAS, consideration of tax deductions is within the allowable subject matter 21 for the 2011 Regular Session of the Legislature of Louisiana. 22 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby 23 urge and request the House Committee on Ways and Means and the Senate Committee on 24 Revenue and Fiscal Affairs to meet and consider the impacts of potential changes in the 25 amount of the individual income tax deduction for excess federal itemized personal 26 deductions.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Michael Jackson

HCR No. 103

Urges and requests the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs to meet and consider the impacts of potential changes in the amount of the individual income tax deduction for excess federal itemized deductions.