

2016 First Extraordinary Session

HOUSE CONCURRENT RESOLUTION NO. 11

BY REPRESENTATIVES SCHRODER, ADAMS, AMEDEE, BACALA, BAGLEY, BARRAS, BILLIOT, BROADWATER, CHAD BROWN, TERRY BROWN, CARMODY, STEVE CARTER, CHANEY, COUSSAN, DANAHAY, DAVIS, DEVILLIER, DWIGHT, EDMONDS, EMERSON, FALCONER, FOIL, GAROFALO, GISCLAIR, LANCE HARRIS, HILFERTY, HODGES, HOFFMANN, HORTON, HOWARD, JACKSON, MIKE JOHNSON, NANCY LANDRY, LEBAS, LEOPOLD, MAGEE, MARCELLE, MIGUEZ, GREGORY MILLER, JAY MORRIS, JIM MORRIS, POPE, PYLANT, THIBAUT, WILLMOTT, AND ZERINGUE AND SENATOR ALARIO

A CONCURRENT RESOLUTION

To create the Task Force on Structural Changes in Budget and Tax Policy to continue the budget and tax reform evaluations begun during the 2016 First Extraordinary Session, to make recommendations of changes to the state's tax laws in an effort to modernize and enhance the efficiency and fairness of the state's tax policies for individuals and businesses, to examine the structure and design of the state budget and make recommendations for long-term budgeting changes, and to report to the legislature by September 1, 2016, and to urge and request the governor to support and implement initiatives for structural change introduced in upcoming sessions of the legislature intended to bring about long-term improvements to the programs and services of state government as well as cost savings through more efficient and effective state operations.

WHEREAS, the citizens of the state of Louisiana expect and deserve a stable, transparent, and effective government that meets the needs of citizens through high-quality programs and efficient services; and

WHEREAS, the state government of Louisiana has faced deficits annually since Fiscal Year 2008-2009; and

WHEREAS, the structure of the state budget continues to limit the ability of the legislature and the governor to prioritize critical statewide services, and the brunt of annual and mid-year deficits continue to fall on higher education and healthcare; and

WHEREAS, the state government of Louisiana is facing a \$960 million projected budget deficit in Fiscal Year 2015-2016 and a \$2.1 billion projected budget deficit in Fiscal Year 2016-2017; and

WHEREAS, the state general fund expenditures of state government are projected to continue to grow in the five-year continuation baseline projection and state revenues are not projected to meet those expenditures; and

WHEREAS, solving the budget deficits in the coming years and setting the state on a path of continued fiscal responsibility requires a thorough review of all areas of state operations and spending; and

WHEREAS, there are numerous areas within state government in which reforming the current policies and practices will produce savings or additional revenues for the state; and

WHEREAS, in 2015, the legislature commissioned a tax study to provide the legislature with alternatives for a tax structure with predictable and stable revenues, that promotes competitiveness, and is fair and simple; and

WHEREAS, the legislature began deliberating the long-term recommendations included in the tax study during the interim and 2016 First Extraordinary Session of the Legislature; and

WHEREAS, tax policy initiated in the 2016 First Extraordinary Session of the Legislature brings short-term relief for the projected budget deficits; and

WHEREAS, the short-term relief serves to bridge the time needed for the legislature and stakeholders to continue to work on better budgeting practices and tax policy that can be introduced no later than the 2017 Regular Session of the Legislature providing long-term structural relief from recurring budget deficits; and

WHEREAS, the governor is the chief executive officer of the state and in that position is responsible for overseeing the operations of the executive branch of government; and

WHEREAS, the legislature has the authority to make and change the laws of the state and to establish a more stable, fair, and simple tax code and to enact policies that will improve the efficiency and effectiveness of state government in order to stabilize the budget for future years; and

WHEREAS, it will take cooperative action on the part of the governor and legislature to ensure that such policies are achieved that can bring about long-term structural improvements to the tax code and the operations of state government; and

WHEREAS, the executive branch, led by the governor, and the legislative branch must coordinate on structural changes to avoid the need for unnecessary additional revenues or potentially harmful cuts to required state services.

THEREFORE, BE IT RESOLVED that the Louisiana Legislature does hereby create the Task Force on Structural Changes in Budget and Tax Policy to continue the budget and tax reform evaluations begun during the 2016 First Extraordinary Session of the Legislature, to make recommendations of changes to the state's tax laws in an effort to modernize and enhance the efficiency and fairness of the state's tax policies for individuals and businesses, to examine the structure and design of the state budget and make recommendations for long-term budgeting reforms, to report to the legislature by September 1, 2016, and to urge and request the governor to support and implement initiatives for structural change introduced in the upcoming sessions of the legislature intended to bring about long-term improvements to the programs and services of state government as well as cost savings through more efficient and effective state operations.

BE IT FURTHER RESOLVED that the Task Force on Structural Changes in Budget and Tax Policy is directed to consider all options and alternatives available.

BE IT FURTHER RESOLVED that the Task Force on Structural Changes in Budget and Tax Policy shall begin meeting during the first week of the 2016 Regular Session of the Legislature, and shall report to the legislature no later than September 1, 2016.

BE IT FURTHER RESOLVED that such report shall contain a specific plan for long-term tax policy that may be used to introduce legislation no later than the 2017 Regular Session of the Legislature.

BE IT FURTHER RESOLVED that the Task Force on Structural Changes in Budget and Tax Policy shall evaluate and recommend changes to state budget practices including but not limited to:

- (1) Best-practice budgeting methods such as budgeting for outcomes, zero-based budgeting and performance-based budgeting practices used in other states.

- (2) Cost-benefit analysis of dedicated sources of funding that require state general fund to be used for particular functions.
- (3) A means to review all state spending, regardless of revenue source, to ensure taxpayer dollars and user fees are used appropriately and effectively.
- (4) The appropriate balance and requirements on the use of state tax dollars for services and operations of local government.
- (5) Best-practice mechanisms to estimate expenditures and forecast revenues.
- (6) Improved tools to display the details of state and local spending to the public.

BE IT FURTHER RESOLVED that the Task Force on Structural Changes in Budget and Tax Policy shall evaluate and recommend changes to tax policy including but not limited to:

- (1) Personal income tax.
- (2) Corporate income tax.
- (3) Property tax.
- (4) Sales tax.
- (5) Severance tax.
- (6) Tax expenditures, including deductions, credits, exemptions, and rebates.

BE IT FURTHER RESOLVED that the Task Force for Structural Changes in Budget and Tax Policy shall be composed of the following members:

- (1) The principal on the Revenue Estimating Conference that is a faculty member with revenue forecasting expertise from a public or private university in the state.
- (2) The secretary of the Department of Revenue, or her designee.
- (3) A member appointed by the Society of Louisiana Certified Public Accountants.
- (4) A member appointed by the Governor.
- (5) The commissioner of administration, or his designee.
- (6) One economist or tax specialist appointed by the Speaker of the House of Representatives from a list of nominees submitted by public or private universities in the state including the Louisiana State University AgCenter and the Southern University AgCenter.

- (7) One economist or tax specialist appointed by the President of the Senate from a list of nominees submitted by public or private universities in the state including the Louisiana State University AgCenter and the Southern University AgCenter.
- (8) One member of the business community appointed by the Speaker of the House from a list of nominees submitted from Blueprint Louisiana, Committee of 100 for Economic Development, and the Louisiana Association of Business and Industry.
- (9) One member of the business community appointed by the President of the Senate from a list of nominees submitted from Blueprint Louisiana, Committee of 100 for Economic Development, and the Louisiana Association of Business and Industry.
- (10) A member appointed by the Public Affairs Research Council of Louisiana.
- (11) A member appointed by the Council for a Better Louisiana.
- (12) A member appointed by the Speaker of the House of Representatives from a list submitted by the Louisiana Sheriffs' Association, the Louisiana Assessors' Association, the Police Jury Association of Louisiana, and the Louisiana Municipal Association.
- (13) A member appointed by the President of the Senate from a list submitted by the Louisiana School Boards Association, the Louisiana Budget Project, and the Louisiana AFL-CIO.

BE IT FURTHER RESOLVED that the chair of the Task Force on Structural Changes in Budget and Tax Policy shall be elected by a favorable majority of the members of the task force.

BE IT FURTHER RESOLVED that the Task Force on Structural Changes in Budget and Tax Policy, for the purposes of conducting its meetings and accomplishing its goals, shall be staffed by staff of the Department of Revenue.

BE IT FURTHER RESOLVED that the governor is urged and requested to support initiatives introduced in the upcoming sessions of the legislature intended to bring about long-term improvements in the programs and services of state government as well as cost savings through more efficient and effective state operations.

BE IT FURTHER RESOLVED that the governor is urged and requested to implement as soon as possible any such initiatives passed by the legislature.

BE IT FURTHER RESOLVED that the long-term structural change that may be introduced by the legislature, with support requested of the governor, include but is not limited to the following:

- (1) Amend the expenditure limit to ensure government does not grow beyond the revenues from short-term tax policies as the long-term tax policy is considered.
- (2) Give the governor and legislature more authority to use dedications when a deficit is projected to cure the budget imbalance.
- (3) Continued collaboration between the executive and legislative branches to improve the capital outlay process.
- (4) Institute measures to ensure that agencies are continuing to work towards the most efficient and effective operations possible, including but not limited to an examination of departmental structures, processes, civil service procedures, procurement, and the use of technology.
- (5) Create a comprehensive plan to improve health outcomes and control costs in the Department of Health and Hospitals, including but not limited to efficiencies and oversight in the administration of programs, enrollment, and enrollee cost sharing, with a focus on the Medicaid program.
- (6) Higher Education reforms to better prepare Louisiana's students for today's workforce and ensure that the state has the most efficient and effective structure to accomplish that goal.
- (7) Pension system improvements that will lower Louisiana's unfunded accrued liability and create a more modern system that benefits workers and taxpayers.
- (8) Smart-on-crime legislation to save costs while improving public safety that focuses on rehabilitation, re-entry, and workforce training, especially for nonviolent offenders.

- (9) A review of state boards and commissions to eliminate duplication of functions and services, streamlining operations, and reducing red tape for businesses and citizens alike.
- (10) Measures to ensure the efficiency and effectiveness of all tax expenditures, including reporting and appropriating.
- (11) Continue efforts to evaluate contracts in terms of transparency, cost, duplication of work, and effectiveness.

BE IT FURTHER RESOLVED that a suitable copy of this Resolution be transmitted to the governor.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE