

2020 Regular Session

HOUSE CONCURRENT STUDY REQUEST NO. 1

BY REPRESENTATIVE NELSON

TAX/INCOME TAX: Requests the House Ways and Means and Senate Revenue and Fiscal Affairs Committees to study the fiscal impact and feasibility of eliminating state income taxes and the ad valorem tax assessed on certain inventories

1 A CONCURRENT STUDY REQUEST

2 To request the House Committee on Ways and Means and the Senate Committee on
3 Revenue and Fiscal Affairs to meet and to function as a joint committee to study the
4 fiscal impact and feasibility of eliminating state income taxes and ad valorem
5 property taxes assessed on certain inventories and to identify alternative sources of
6 funding, reductions or eliminations of certain tax incentives, or other budget
7 efficiencies to account for potential lost revenue and to report the findings of the
8 joint committee to the legislature prior to the convening of the 2021 Regular Session.

9 WHEREAS, each year, the state authorizes many income tax exemptions, exclusions,
10 deductions, and credits; and

11 WHEREAS, Louisiana is one of a minority of states that do not exempt inventory
12 from ad valorem tax, and, instead, local governments levy and collect ad valorem taxes on
13 inventory, and the businesses paying this tax are reimbursed by the state for the amount of
14 the tax paid via a partially refundable tax credit on their state income and corporate franchise
15 tax returns; and

16 WHEREAS, in Fiscal Year 2018, the state collected approximately \$3.269 billion
17 in state individual income taxes, \$3.892 billion in state sales taxes, and \$478 million in
18 corporate income and corporate franchise taxes; and

1 WHEREAS, individual and corporate income tax collections, corporate franchise tax
2 collections, and state sales and use tax collections make up a large part of the state general
3 fund that is used to fund the operating expenses of state government each year; and

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

7 WHEREAS, the structure of the state budget continues to limit the ability of the
8 legislature and the governor to prioritize critical statewide services; and

9 WHEREAS, there are numerous areas within our state government's tax policies in
10 which reforming the current policies and practices will produce savings or additional
11 revenues for the state; and

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

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

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

20 WHEREAS, the short-term relief serves to bridge the time needed for the legislature
21 and stakeholders to continue to work on better budgeting practices and tax policy that can
22 provide long-term structural relief from budget deficits as well as a stable and fair tax
23 system; and

24 WHEREAS, the legislature should consider long-term tax and budget policies that
25 will result in the government lowering the overall tax burden of its citizens while ensuring
26 that the state is able to fund vital statewide programs and services for its citizens; and

27 WHEREAS, in order to fully understand all of the issues that may arise related to
28 this proposal, the committees should include testimony and input from all stakeholders
29 including but not limited to local government officials and assessors, representatives from
30 groups that represent citizens that are subject to personal income taxes, representatives from

1 businesses and industries that are subject to inventory taxes, representatives from businesses
2 and industries that are subject to corporate or corporate franchise taxes, the Department of
3 Revenue, the Division of Administration, and any other interested groups and parties.

4 THEREFORE, the Legislature of Louisiana requests the House Committee on Ways
5 and Means and the Senate Committee on Revenue and Fiscal Affairs to meet and to function
6 as a joint committee to study the fiscal impact and feasibility of eliminating state income
7 taxes and ad valorem property taxes assessed on certain inventories and to identify
8 alternative sources of funding, reductions or eliminations of certain tax incentives, or other
9 budget efficiencies to account for potential lost revenue, and to report the findings of the
10 joint committee to the legislature prior to the convening of the 2021 Regular Session.

DIGEST

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Nelson

Requests the House Ways and Means and the Senate Revenue and Fiscal Affairs committees to meet and to function as a joint committee to study the fiscal impact and feasibility of eliminating state income and certain ad valorem property taxes, to identify alternative sources of funding, reductions or eliminations of certain tax incentives, or other budget efficiencies to account for potential lost revenue, and to report its findings to the legislature prior to the convening of the 2021 R.S.