

DRAFT RESOLUTION: Mix of Taxes to pay for public services

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WHEREAS, the Louisiana state government has relied on sales and use taxes to support public services and, recently, has reduced its reliance on personal income taxes and enhanced its use of the sales and use tax as a means for supporting public services;

WHEREAS, the Task Force believes that this has resulted in sales tax rates that are too high from a national and competitive point of view given the reliance of both state and local governments on sales taxes;

WHEREAS, the Task Force recognizes that in the 2016 Special Session the Legislature had to raise the sales tax rate from 4% to 5% in order to handle the projected shortfall in the fiscal year 2016, but does not consider this increase an economically desirable long-term decision;

WHEREAS, the Task Force also recognizes that the Legislature in the 2016 Special Session expanded the sales tax base by imposing a sales tax on numerous commodities that had not been taxed before, an effort at reducing the large number of sales tax exemptions;

Accordingly, the Task Force recommends that, if the State needs additional revenues after the completion of this regular legislative session, the state make appropriate increases in the personal income taxes with changes in brackets and/or deductions that are non-constitutional;

The Task Force notes that the changes in the sales tax in the Special Session 2016 and any possible changes in the personal income tax in a special session will accommodate structural reforms in the Regular Legislature Session of 2017 providing long-term budgetary stability for Louisiana with these reforms providing larger tax bases and lower tax rates.