

# **Task Force on Structural Changes in Budget and Tax Policy**

## **Meeting Minutes**

April 22, 2016

### **I. Call to order**

The meeting of the Task Force on Structural Changes in Budget and Tax Policy was called to order at 9:14a.m. on April 22, 2016 in Room 2520, located in the Business Education Complex, Louisiana State University.

### **II. Roll call**

A) The following Task Force Members were confirmed as present:

- Dr. James A. Richardson
- Kimberly L. Robinson
- William C. Potter
- V. Thomas Clark, Jr.
- Jason DeCuir
- Sean Reilly
- Robert Travis Scott
- Barry Erwin
- Randy Roach

Alternates

- Ed Parker (Louis Reine)
- Barbara Goodson (Jay Dardenne)

B) The minutes from the meeting on April 8, 2016 were approved as written.

C) Approval of Agenda:

The agenda was unanimously approved as distributed.

### **III. Agenda Topics**

A) Overview of Previous Meetings

Dr. Richardson provided a brief overview of information that has been presented and gathered during the first four Task Force on Structural Changes in Budget and Tax Policy meetings which were held on the following dates:

- March 17, 2016
- March 24, 2016
- April 1, 2016
- April 8, 2016

After discussion of the information provided, it was agreed upon that the overall goal and focus of the next four meetings in May will be to put together a set of motions and recommendations to present to the Governor and the Legislature. In order to accomplish this goal, going forward discussions will have to be much more specific.

#### B) Session Review

Secretary Robinson gave an overview of legislation that was passed during the 2015 Regular Session and the 2016 First Extraordinary Session.

The 2015 Regular session mainly focused on credits, rebates and exemptions. There were a few administrative bills that were passed and motion picture tax credits were revamped. The changes made to motion picture credits were the most extensive to date. Some of the major changes to motion picture credits were:

- Advertising and Marketing credits
- Changes to above and below the line expenses
- Withholdings for employers in Louisiana
- Higher credits for indigenous writers (50%)
- Limitations to audits

Other notable changes were made to the Enterprise Credit and Rebate Program, Inventory tax credits, the Quality Jobs Program which received a 20% haircut and the severance tax credits for horizontal drilling which limited the base price of oil and gas.

The majority of legislation that was passed during the 2016 First Extraordinary Session focused on sales tax changes. The clean penny that was added was the first sales tax increase in Louisiana since 1984. During this session, there were also changes to corporate income taxes, corporate franchise taxes as well as excise taxes.

After a brief discussion of the overall impact of the 2 sessions, the members decided that their focus should be geared towards what should continue and what should change. A more in-depth look should be given to what didn't pass in recent sessions and why. This information may impact recommendations that are made. The focus of the 2015 and 2016 session was raising money. The consensus was that the Task Force has a much more broad focus. Some areas of major concern are:

- Louisiana sales tax being the highest in the country
- General confusion of what is and isn't exempt
- Should state and local collection have a centralized or more uniform tax base.

The members agreed that completely changing the tax base would be difficult to do all at once. A multi-year plan needs to be developed that corrects current issues and lays a foundation for a more clear and effective tax structure.

#### **IV. New Business**

##### **A) Future Meetings**

After a discussion of the direction of future meetings and the need to make recommendations before the possible 2<sup>nd</sup> Special Session, The following was agreed upon for May meetings:

- May meetings will be held at the Capitol
- In lieu of having multiple meetings during the week to cover more content, we will have longer meetings once a week on Fridays
- Meetings will be held from 9a.m.-3p.m

##### **B) Responsibilities of Alternates**

After a brief discussion of the roles and responsibilities of alternates, it was determined that alternates would be allowed to attend meetings in the place of Task Force members, but they would not be allowed to vote in the absence of a member. Only appointed members would be allowed to cast votes on motions and recommendations.

##### **C) Business Taxes Passed in 2015 and 2016**

Mr. Decuir presented a handout to the members outlining tax bills that were passed in 2015 and 2016 which have a significant impact on Louisiana employers. The fiscal impact of each bill was given in reference to FY16, FY17 and FY18.

## **V. Possible Agenda Items for Future Meetings**

- Operational side of the legislature
- Community College base and possibility of establishing state property tax as a revenue stream
- How locals tax themselves
- Tax items on Fall 2016 ballot
- Presentation from Rep. Stokes

## **VI. Adjournment**

Dr. Richardson adjourned the meeting at 11:09 a.m.

Minutes submitted by: Marisha Patterson