

DRAFT RESOLUTION: Exemptions and Exclusions

Proposed by: Jim Richardson, James Alm, Steven Sheffrin

WHEREAS, Louisiana in the 2016 Special Session amended its taxation of certain commodities that had been exempted or excluded from state sales taxes;

WHEREAS, the Task Force commends the State Legislature and Governor for expanding the sales tax base but with the intent that this measure was merely a method of raising money to support vital public services in the short-run

WHEREAS, the tax study commissioned by the State Legislature and prepared by Richardson, Alm, and Sheffrin and the tax analysis prepared by the Tax Foundation both suggested the broadening of the sales tax base;

WHEREAS, the tax study commissioned by the State Legislature and the tax analysis from the Tax Foundation suggested maintaining the lowest possible sales tax rate

WHEREAS, the Task Force understands the necessity of raising the state sales and use tax rate from 4% to 5% given the need to improve the state tax collections immediately

WHEREAS, the Task Force understands that estimates of the dollars generated by the elimination of certain exemptions and exclusions will be subject to considerable error until the state has had the time to fully implement the law and the Task Force fully supports this very measured estimates of such revenues

Accordingly, the Task Force recommends that over time the State maintain the augmented tax base but adjust the rates so that all commodities and services are taxed at the same rate