

Task Force on Structural Changes in Budget and Tax Policy

Meeting Minutes

May 27, 2016

I. Call to order

The meeting of the Task Force on Structural Changes in Budget and Tax Policy convened at 9:07 a.m. on May 27, 2016 in the House Committee Room 1 located on the ground floor of the Louisiana State Capitol Building, 900 North Third Street, Baton Rouge, LA 70802.

II. Roll call

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

- Dr. James A. Richardson
- Kimberly L. Robinson
- Dr. James Alm
- Dr. Steven M. Sheffrin
- V. Thomas Clark, Jr.
- Jason DeCuir
- Sean Reilly
- Robert Travis Scott
- Barry Erwin
- Randy Roach
- Jay Dardenne

Alternates:

- Brandon Lagarde (William C. Potter)
- Jan Moller (Louis Reine)

B) Approval of Minutes:

The minutes from the meeting on May 20, 2016 were approved as written.

C) Approval of Agenda:

The agenda was unanimously approved as distributed.

III. Agenda Topics

A) Presentation: Rhode Island Personal Income Tax Reform by David Sullivan, former Tax Administrator with State of Rhode Island's Division of Revenue

After being introduced by Mr. DeCuir, Mr. Sullivan provided background information on the history of personal income reform from 1971 to present day in the state of Rhode Island. During the discussion, questions were answered on the reasons for changes in deductions, credits, tax bracket. The overall policy adopted over the years was outlined in length. Mr. Sullivan identified lessons learned during the states reform process. Members discussed how these lessons could be used in reforming Louisiana's Individual Income Tax.

B) Presentation: Choices in Restructuring Individual Income Tax in Louisiana by Dr. Richardson, Louisiana State University

Dr. Richardson provided follow up information on Individual Income Tax in Louisiana. The information was included in a chart that Dr. Richardson prepared along with Dr. Sheffrin, Dr. Alm and Mr. Scott. The chart detailed advantages of implementing a "Clean State" tax policy. This scenario eliminated all exemptions, deductions and tax credits with variation with respect to personal exemption/standard deduction.

C) Testimony: Exemptions and Exclusions Overview by Christopher Dicharry, Partner, Kean Miller LLP, Russell J. Stutes, Jr. Managing Partner, Stutes & Lavergne, LLC and William M. Backstrom, Partner, Jones Walker LLP

Mr. Dicharry, Mr. Stutes and Mr. Backstrom provided information from a legal perspective on current sales tax exemptions and exclusions. The information presented provided clarity on current sales tax law and policy and identified what is treated as an exemptions and what is treated as an exclusion. The presenters answered questions from the members and made suggestions on possible starting points to move forward with tax reform. The consensus was that comprehensive law and simplified tax base would produce the best results. The need for fewer exemptions was also echoed throughout the three presentations.

D) Presentation: Commission on Streamlining the Sales Tax in Louisiana by Julie Stokes

Representative Stokes presented two documents prepared by the Sales Tax Streamlining and Modernization Commission. During the presentation, an outline of the goals and 2016 goals of the Commission were given along with a list of current sales tax exemptions for Louisiana. After a discussion of the

work of the Streamlining and Modernization Commission so far, members asked questions about the information provided.

- E) State and Local Commentary by Mark West, Sales Tax Collector, Ascension Parish and Roger Bergeron, Legislative Director, Ascension Parish:

At the request of the members, Mr. West provided an overview of his duties as a Sales Tax Collector as well as a brief background of collecting tax in Ascension parish. A timeline was given of on the collection process and members discussed if a more uniform base would shorten the time needed to collect. The importance of post processing reports was identified during the discussion. Sales tax rates, brackets and the appropriation of taxes collected were also addressed. The importance of collecting tax at the local level was also addressed.

- F) Presentation: Louisiana Governmental Reorganization Commission by Mayor Randy Roach

After an introduction and overview by Senator Johns, Mayor Roach presented information on Senate Bill 55 which intended to create a seven member governmental reorganization commission comprised of individuals appointed by the governor.

IV. New Business / Potential Agenda Items

- A) Agenda topic for June 3, 2016 meeting: Sales Tax

- B) Agenda Items moved to Jun 3red meeting:

- Presentation on Taxing Services by Dr. James Alm
- Comparison to Southern State were moved to June 3rd agenda

V. Adjournment

The meeting was adjourned at 2:24 p.m.

Minutes submitted by: Marisha Patterson