

2022 Regular Session

HOUSE RESOLUTION NO. 178

BY REPRESENTATIVE NELSON

A RESOLUTION

To authorize and request the House Ways and Means Committee or a subcommittee thereof to study the state's tax structure, including state tax exemptions and credits, and to make recommendations concerning eliminating the state tax levied on individual and corporate income and corporation franchise taxes and reforming state tax exemptions and credits to the legislature prior to the convening of the 2023 Regular Session of the Legislature of Louisiana.

WHEREAS, the state's major sources of revenue to finance the operating expenses of state government are state taxes levied on individual and corporate income, corporate franchise taxes, state sales and use taxes, and taxes levied on gasoline and special fuels; and

WHEREAS, part of the state's present revenue raising system includes a myriad of tax preference expenditures such as deductions, exclusions, exemptions, suspensions, credits, refunds, rebates, and other preferential tax calculation methods; and

WHEREAS, according to estimates included in the Fiscal Year 2021-2022 Tax Exemption Budget published by the Department of Revenue, in Fiscal Year 2020-2021, the state actually collected approximately ten billion, one hundred twenty-four million dollars in revenue from individual and corporate income tax, sales tax, corporation franchise tax, severance tax, petroleum products taxes, and other tax categories and granted approximately six billion, eight hundred sixty-two thousand dollars in tax preferences in the form of exemptions, deductions, exclusions, credits, refunds, and rebates; and

WHEREAS, nearly forty percent of the monies the state could actually collect based on estimates of state taxes levied is returned to taxpayers in the form of tax preferences and rebates; and

WHEREAS, out of the monies retained by the state for operating expenses, the state also provides assistance for operating expenses of local governments in excess of four billion dollars annually in the form of supplemental pay, revenue sharing, state sales and use tax dedications, the Minimum Foundation Program, funding of tax credits such as the credit for inventory taxes paid to local governments and the motion picture investor tax credit, and the capital outlay program; and

WHEREAS, a major source of revenue to finance the operating expenses of local governments includes local ad valorem property taxes and local sales and use taxes; and

WHEREAS, in some cases the ability of local governments to raise additional revenue to fund their operating expenses is limited by state law; and

WHEREAS, in order to fully evaluate the effectiveness and efficiency of the state's current tax system, a systematic review should be done of the relationship between the state's revenue raising system and its interplay with local government's ability to raise sufficient revenue so that local governments rely less on state resources to address their local funding needs; and

WHEREAS, a tenant of sound tax policy is to provide for a broad tax base in exchange for lowering tax rates; and

WHEREAS, individuals and businesses in this state seek equity in Louisiana's laws concerning revenue measures and budgetary priorities.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature of Louisiana requests the House Ways and Means Committee or a subcommittee thereof to study the state's tax structure, including state tax exemptions and credits, and to make recommendations concerning eliminating the state tax levied on individual and corporate income and corporation franchise taxes and reforming state tax exemptions and credits to the legislature prior to the convening of the 2023 Regular Session of the Legislature of Louisiana.

BE IT FURTHER RESOLVED that the House Committee on Ways and Means or a subcommittee thereof shall work in conjunction with and obtain input from interested parties and industry stakeholders including but not limited to representatives of business and industry, representatives from the Department of Revenue and the Department of Economic Development, representatives from local and state governments, and representatives from

any other business sector or governmental agency deemed appropriate by the committee in order to carry out the purposes of this study.

BE IT FURTHER RESOLVED that the House fiscal division staff, Legislative Fiscal Office, legislative auditor, the Department of Economic Development, and the Department of Revenue shall provide any necessary support to carry out the purpose of this Resolution.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES