

2024 Regular Session

HOUSE RESOLUTION NO. 61

BY REPRESENTATIVE WRIGHT

TAX/STATE: Authorizes the House Committee on Ways and Means, or a subcommittee thereof, to study the state's tax structure and develop recommendations for tax system reforms

1 A RESOLUTION

2 To authorize and request the House Committee on Ways and Means, or a subcommittee  
3 thereof, to conduct a study of the state's tax structure; to examine and develop  
4 recommendations concerning the potential elimination of certain taxes, potential  
5 reforms to state tax exemptions and credits, and funding of transportation projects;  
6 and to report findings and recommendations from the study to the legislature prior  
7 to the convening of the 2025 Regular Session.

8 WHEREAS, major sources of revenue for funding the operations of state government  
9 include state taxes levied on individual and corporation income, corporation franchise taxes,  
10 state sales and use taxes, and state taxes on gasoline and special fuels; and

11 WHEREAS, the state's revenue-raising system includes a myriad of tax preferences  
12 such as exemptions, credits, exclusions, refunds, special rates, deferrals of liability, rebates,  
13 and other preferential tax calculation methods; and

14 WHEREAS, these tax preferences, individually and collectively, are referred to in  
15 law as "tax exemptions" and are catalogued in a document entitled the Tax Exemption  
16 Budget that the Department of Revenue publishes annually pursuant to R.S. 47:1517; and

17 WHEREAS, according to estimates provided in the 2023-2024 Tax Exemption  
18 Budget, in State Fiscal Year 2023, the state collected approximately twelve billion five  
19 hundred million dollars in revenue from state taxes but granted approximately seven billion  
20 five hundred million dollars worth of tax exemptions; and

1           WHEREAS, this data indicates that for every dollar of state taxes levied, roughly  
2 sixty-two cents are potentially collectable and thirty-eight cents are foregone through tax  
3 exemptions; and

4           WHEREAS, maintaining tax exemptions at their current level is at odds with the  
5 need to fund critical state priorities such as transportation infrastructure; tax exemption costs  
6 are especially consequential with respect to infrastructure considering the state's extensive  
7 backlog of transportation projects; and

8           WHEREAS, the legislature appropriates state tax revenue not only for funding the  
9 operating expenses of state government, but also for assistance to local governments; and

10          WHEREAS, state aid to local governments in recent fiscal years has totaled  
11 approximately five billion dollars annually; such aid encompasses the Minimum Foundation  
12 Program for financing of elementary and secondary education, the capital outlay program,  
13 supplemental pay for public safety and fire personnel, constitutionally required revenue  
14 sharing, dedications of state sales and use tax, remittances of portions of severance tax  
15 revenues to parishes where the severance occurred, and funding of credits for taxes paid to  
16 local governments such as those for local inventory taxes; and

17          WHEREAS, major sources of local revenue for funding the operations of Louisiana's  
18 local governments include ad valorem property taxes and local sales and use taxes; and

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

21          WHEREAS, any meaningful evaluation of the state tax system should include not  
22 only a systematic review of the tax types that comprise the system, but also an examination  
23 of the system's interplay with local governmental finance and the ability of local  
24 governments to raise local revenue in amounts sufficient to reduce reliance on state revenue  
25 for funding of local needs; and

26          WHEREAS, a widely held tenet of responsible tax reform is that broadening the tax  
27 base by scaling back special preferences will create opportunities to lower tax rates; and

28          WHEREAS, individuals and businesses in Louisiana seek fairness and transparency  
29 in the state's tax system and budgetary priorities and practices.

1           THEREFORE, BE IT RESOLVED that the House of Representatives of the  
2 Legislature of Louisiana does hereby request the House Committee on Ways and Means, or  
3 a subcommittee thereof, to conduct a study of the state's tax structure.

4           BE IT FURTHER RESOLVED that the study shall include, without limitation, all  
5 of the following:

6           (1) An examination of major state tax types.

7           (2) A review and evaluation of state tax exemptions.

8           (3) Potential reforms to state tax credits and other exemptions.

9           (4) Implications of eliminating the state's individual income tax, corporation income  
10 tax, and corporation franchise tax.

11           (5) Potential reforms in state funding of transportation projects which could  
12 significantly reduce the current backlog of such projects and form a basis for a sustainable  
13 system of funding future transportation infrastructure needs.

14           BE IT FURTHER RESOLVED that the House Committee on Ways and Means, or  
15 a subcommittee thereof formed pursuant to this Resolution, shall report to the legislature  
16 findings and recommendations concerning the matters enumerated above prior to the  
17 convening of the 2025 Regular Session.

18           BE IT FURTHER RESOLVED that in conducting its study, the House Committee  
19 on Ways and Means, or a subcommittee thereof formed pursuant to this Resolution, shall  
20 obtain information and opinions from agencies, interested parties, and stakeholder groups  
21 including but not limited to the Department of Revenue, the Department of Economic  
22 Development, representatives of local governments, groups representing the interests of  
23 business and industry, and any other parties as the committee or subcommittee deems  
24 appropriate.

25           BE IT FURTHER RESOLVED that, upon request of the House Committee on Ways  
26 and Means or a subcommittee thereof formed pursuant to this Resolution, the legislative  
27 fiscal office, legislative auditor, Department of Revenue, and Department of Economic  
28 Development shall provide information and support necessary to carry out the purposes of  
29 this Resolution.

1 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the  
2 secretary of the Department of Revenue, the secretary of the Department of Economic  
3 Development, the executive director of the Police Jury Association of Louisiana, the  
4 executive director of the Louisiana Municipal Association, and the president and chief  
5 executive officer of the Louisiana Association of Business and Industry.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HR 61 Engrossed

2024 Regular Session

Wright

Requests the House Committee on Ways and Means, or a subcommittee thereof, to conduct a study of the state's tax structure and to report findings and recommendations from the study to the legislature prior to the convening of the 2025 R.S. Provides that the study shall include, without limitation, all of the following:

- (1) An examination of major state tax types.
- (2) A review and evaluation of state tax exemptions.
- (3) Potential reforms to state tax credits and other exemptions.
- (4) Implications of eliminating the state's individual income tax, corporation income tax, and corporation franchise tax.
- (5) Potential reforms in state funding of transportation projects which could significantly reduce the current backlog of such projects and form a basis for a sustainable system of funding future transportation infrastructure needs.

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Replace references to tax collection and exemption figures from the 2022-2023 Tax Exemption Budget with references to the corresponding figures from the 2023-2024 Tax Exemption Budget.