

2024 Regular Session

HOUSE RESOLUTION NO. 61

BY REPRESENTATIVE WRIGHT

A RESOLUTION

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

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

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

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

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

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

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

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

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

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

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

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

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

BE IT FURTHER RESOLVED 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.

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

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

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

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

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SPEAKER OF THE HOUSE OF REPRESENTATIVES