

2018 Regular Session

SENATE RESOLUTION NO. 178

BY SENATOR DONAHUE

BUDGET PROCEDURE. Regards a budget plan for funding established by a standstill budget and includes priority programs.

1 A RESOLUTION

2 To present a budget plan that reflects the reduction of Louisiana's sales taxes, includes the  
3 impact of federal tax policy, and provides funding established by a standstill budget  
4 and includes priority programs.

5 WHEREAS, the official forecast for Fiscal Year 2017-2018 incorporates the  
6 collections of an entire fifth penny in sales and use tax which, when combined with other  
7 sources of revenue collections, support the Fiscal Year 2017-2018 state budget enacted by  
8 the Legislature of Louisiana after three sessions of deliberations, and which budget currently  
9 includes funds for the scholarships for the Taylor Opportunity Program for Students, as well  
10 as the delivery of services by the Louisiana Department of Health, and funding for the  
11 medical schools and the public-private partnerships, all in accordance with Act 3 of the  
12 Second Extraordinary Session of 2017, the general appropriations act for Fiscal Year 2017-  
13 2018; and

14 WHEREAS, House Bill No. 1 of the 2018 Regular Session, the general appropriation  
15 bill for Fiscal Year 2018-2019, does not contain full funding for eligibility categories for the  
16 disabled and elderly under the Medicaid program, medical education, supplemental  
17 Medicaid payments to the public-private partnership hospitals, the Taylor Opportunity  
18 Program for Students scholarships, local housing of state prisoners, the district attorneys and

1 the assistant district attorneys, higher education base funding, and GO Grants; and

2 WHEREAS, the governor of Louisiana, in accordance with the Constitution of  
3 Louisiana presented a Fiscal Year 2018-2019 executive budget allocating only those  
4 revenues contained in the then current official forecast of the Revenue Estimating  
5 Conference which totaled \$8.6 billion; and

6 WHEREAS, the standstill budget for Fiscal Year 2018-2019, as modified for the  
7 inclusion of additional means of financing, would total \$9.75 billion; and

8 WHEREAS, the governor identified approximately \$995.4 million in expenditures  
9 that did not receive funding in his executive budget that, if funded, would bring his budget  
10 to \$9.5 billion which is less than a modified standstill budget; and

11 WHEREAS, the programs and amounts which did not receive funding in the  
12 executive budget are, as follows:

<b>Program</b>	<b>State Portion of Unfunded FY 2019 Cost</b>
LDH-Mostly Medicaid	\$ 656,612,820
TOPS Program	\$ 233,342,683
Local Housing/State Prisoners	\$ 40,408,330
District Attorneys/Assistant District Attys	\$ 26,314,182
Higher Education Base Funding	\$ 25,680,922
Go Grants	\$ 13,000,000
<b>TOTAL</b>	<b>\$ 995,358,937</b>

21 WHEREAS, if the Louisiana Department of Health does not receive the amount of  
22 funding set forth above, many, if not all, of the public-private partnerships have indicated  
23 that they will terminate their agreements with the state, which will eliminate their  
24 responsibility to make lease payments to the state which will result in a loss of state revenues  
25 and economic activity and cause fiscal instability; and

26 WHEREAS, since the time the Executive Budget was submitted to the legislature,  
27 the Revenue Estimating Conference increased the official forecast by \$346 million as a  
28 result of changes in federal tax policies, thereby reducing the projected deficit for Fiscal  
29 Year 2018-2019 to \$650 million.

30 THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana

1 can consider reducing the current collection of five pennies of sales and use tax by the state  
 2 to four and one-half cents, or some portion thereof, which would reduce the tax burden on  
 3 the citizens of the state and yet maintain a portion of the sales tax by generating  
 4 approximately \$402 million of the original \$806 million, and further closing the gap between  
 5 the estimated Fiscal Year 2018-2019 revenues and expenditures.

6 BE IT FURTHER RESOLVED that the Senate of the Legislature of Louisiana shall  
 7 continue to work with the House of Representatives and the governor to identify additional  
 8 expenditure reductions in the standstill budget where possible and revenue reduction options:

Revenue Source	Current Tax Paid	Savings from Tax Reduction
5 <sup>th</sup> Penny	\$ 806 Million	
Reduce Penny Tax by 3/4		\$ 603 Million
Reduce Penny Tax by 1/2		\$ 402 Million
Reduce Penny Tax by 1/4		\$ 201 Million

14 BE IT FURTHER RESOLVED that the Senate of the Legislature of Louisiana may  
 15 consider sales and use tax exemptions and exclusions, currently provided by law, as follows:

**Penny Cleaning-Existing Levies 4% Rate**

Retain limited exemptions and exclusions on R.S. 47:302 2% sales tax levy (HB 25 2018 1 <sup>st</sup> ES) *MM&E is currently exempt from this levy *Nonresidential utilities are taxable under this levy	\$149 Million/year
Existing limited exemptions and exclusions on the R.S. 47:321 1% sales tax levy *MM&E is currently taxable under the levy *Nonresidential utilities are exempt	\$29 Million/year

Existing limited exemptions and exclusions on the R.S. 47:331 1% sales tax levy *MM&E is currently exempt from this levy *Nonresidential utilities are exempt after nine months of FY 2019	\$12 Million in FY 19 \$49 Million in FY 20
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BE IT FURTHER RESOLVED that standstill requirements shall be in effect for all expenditures contained in HB 1, and the following reductions to Incentive Expenditures below shall achieve a standstill budget for Fiscal Year 2019-2020 and thereafter, which reductions shall be achieved through creating maximum expenditure authority for each program until otherwise authorized, as follows:

<b>Maintain Standstill Incentive Expenditure Budget</b>	<b>Limitation on Program Based on FY 2018</b>	<b>Savings to further replace remaining portion of the 5<sup>th</sup> Penny</b>
Atchafalaya Trace Heritage Area Development Zone		
Cane River Heritage Tax Credit		
Tax Credit for Rehabilitation of Historic Structures	\$61,587,240	\$16,412,760
Brownfields Investor Tax Credit	\$31,583	\$8,417
Louisiana Community Economic Development Act		
Port of Louisiana Tax Credits		
Motion Picture Investor Tax Credit	\$142,124,400	\$37,875,600
Research and Development Tax Credit	\$6,316,640	\$1,683,360
Digital Interactive Media and Software Act	\$23,687,400	\$6,312,600
Louisiana Motion Picture Incentive Act		
New Markets Tax Credit	\$789,580	\$210,420
University Research and Development Parks		
Industrial Tax Equalization Program	\$3,158,320	\$841,680
Exemptions for Manufacturing Establishments		
Louisiana Enterprise Zone Act	\$31,583,200	\$8,416,800
Sound Recording Investor Tax Credit	\$157,916	\$42,084

1	Urban Revitalization Tax Incentive Program		
2	Technology Commercialization Credit and Jobs	\$78,958	\$21,042
3	Program		
4	Angel Investor Tax Credit Program	\$1,579,160	\$420,840
5	Musical and Theatrical Productions Income Tax	\$6,158,724	\$1,641,276
6	Credit		
7	Retention and Modernization Act	\$3,947,900	\$1,052,100
8	Tax Credit for Green Jobs Industries		
9	Louisiana Quality Jobs Program Act	\$78,958,000	\$21,042,000
10	Corporate Headquarters Relocation Program		
11	Competitive Projects Payroll Incentive Program	\$315,832	\$84,168
12	Louisiana Capital Companies Tax Credit Program		
13	Procurement Processing Company Rebate Program	\$9,080,170	\$2,419,830
14	Rebates for Donations to School Tuition	\$5,684,976	\$1,515,024
15	Organizations		
16	<b>TOTAL</b>	<b>\$375,240,000</b>	<b>\$100,000,000</b>

17 BE IT FURTHER RESOLVED that the Senate of the Legislature of Louisiana shall  
 18 endeavor to allocate all revenue adjustments recognized since January 1, 2018, in a manner  
 19 that ensures stability to the citizens of the state by funding eligibility categories for the  
 20 disabled and elderly under the Medicaid program, medical education, supplemental  
 21 Medicaid payments to the public-private partnership hospitals, the Taylor Opportunity  
 22 Program for Students scholarships, local housing of state prisoners, the district attorneys and  
 23 the assistant district attorneys, higher education base funding, and GO Grants.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Martha S. Hess.

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DIGEST

SR 178 Engrossed

2018 Regular Session

Donahue

Regards a budget plan that provides funding established by a standstill budget and includes  
priority programs.