

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 2022-2023 Tax Exemption
18 Budget, in State Fiscal Year 2022, the state collected approximately eleven billion seven
19 hundred million dollars in revenue from state taxes but granted approximately seven billion
20 three hundred seventy-three million dollars worth of tax exemptions; and

1 WHEREAS, this data indicates that for every dollar of state taxes levied, roughly
2 sixty-one cents are potentially collectable and thirty-nine 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.

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)]

HR 61 Original

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.