
DIGEST

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Marionneaux

SB No. 259

Present law provides tax rates on individual and corporate income as follows:

Individual rates

2% of the first \$12,500 of net income which is in excess of the credits against net income provided for in present law.

4% percent on the next \$37,500 of net income.

6% on any amount of net income in excess of \$50,000 of net income.

Corporate rates

4% on the first \$25,000 of net income.

5% on the amount of net income above \$25,000 but not in excess of \$50,000.

6% on the amount of net income above \$50,000 but not in excess of \$100,000.

7% on the amount of net income above \$100,000 but not in excess of \$200,000.

8% on all net income in excess of \$200,000.

Proposed law creates the State Commission on Revenues and Expenditures (SCORE) and requires the commission to submit a written plan to the legislature and the governor on or before January 6, 2012, together with recommendations for legislation, for a plan which includes the reduction and eventual elimination of the state personal income taxes set forth in the proposed law and recommendations on actions to be taken to maintain a balanced budget sufficient for the ordinary expenses of the operation of state government while providing the level of services and programs necessary to meet the needs of the citizens of Louisiana. In the development of the plan, SCORE shall review all state exemptions and exclusions. The plan must also include recommendations for replacing or otherwise taking into account the loss of revenues due to the reduction and elimination of income taxes, through the reduction or elimination of tax benefits; the reduction or elimination of government services; enhancing effectiveness, efficiencies, and/or economies in the provision of government services, including restructuring state government; or some combination of such actions.

Requires the legislature to consider the plan at the 2012 Regular Session in a concurrent resolution and permits the legislature to modify the plan or adopt the resolution. If the resolution is adopted, the plan in the resolution is considered "adopted".

The commission is composed of the following members:

- (1) The president of the Senate or his designee.
- (2) The speaker of the House of Representatives or his designee.
- (3) The governor or his designee.
- (4) The chair of the Senate Finance Committee, or his designee.
- (5) The chair of the Senate Revenue and Fiscal Affairs Committee or his designee.
- (6) The chair of the Senate Education Committee or his designee.
- (7) The chair of the Senate Health and Welfare Committee or his designee.
- (8) The chair of the House Appropriations Committee or his designee.
- (9) The chair of the House Ways and Means Committee or his designee.

- (10) The chair of the House Education Committee or his designee.
- (11) The chair of the House Health and Welfare Committee or his designee.
- (12) The commissioner of administration or his designee.
- (13) A faculty member of a university or college in Louisiana who has expertise in forecasting revenues jointly selected by the president of the Senate, the speaker of the House of Representatives, and the governor.
- (14) The state treasurer or his designee.

Proposed law provides that the Section of the proposed law which phases out the individual income tax over 10 calendar years by reducing the above rates 10% per calendar year, beginning with calendar year 2014 and ending in calendar year 2023, when no individual income tax would be due shall become effective upon signature of the governor or lapse of time for gubernatorial action. For instance, for tax years beginning in 2014, tax would be assessed at 90% of the rates above; for tax years beginning in 2015, 80%; 2016, 70%, etc.

Proposed law directs the governor and the commissioner of administration to take the following actions:

1. Take the necessary administrative action, or require such action to be taken to implement the budget reductions set forth below.
2. Adopt the necessary rules or regulations, or require the secretary of a department or the appropriate head to adopt such rules or regulations to implement the budget reductions set forth below.
3. Propose specific legislative bills to be enacted by the legislature where such budget reduction actions set forth below require the enactment of a law or laws in order to be implemented.

Directs the governor and the commissioner of administration to provide a written report to the Joint Legislative Committee on the Budget no later than the day required for the governor to submit the executive budget to the committee on the administrative budget reduction actions they have taken and the rules and regulations that were adopted and the specific legislative bills they will propose to the legislature to be enacted, a statement of their full support for such legislation, and a comprehensive plan of the governor for persuading the voters of the state and legislators to support the enactment of such legislation.

The budget reduction actions the governor and the commissioner of administration are directed to implement or provide for the implementation are the following:

- (1) Require only one manager for every 10 state employee positions or more.
- (2) Eliminate 10% by value of state consulting contracts.
- (3) Renegotiate the state's consulting contracts to require a 5% reduction in cost.
- (4) Establish a system of centralized collection, automated notices, and tax refund offsets to collect state accounts receivables.
- (5) Require the implementation of RS 22:1065 (LaHIPP) in order to purchase private insurance for low-income citizens when it is cheaper than Medicaid.
- (6) Propose legislation to change state law and provide for the enforcement of federal law to reduce state-funded emergency room visits for nonemergencies by 25%.
- (7) Require the review of all Medicaid-funded hospitalizations for "medical necessity".
- (8) Establish physician-training agreements between Charity Hospitals and other hospitals in Louisiana with a high Medicare patient mix in order to capture Medicare medical education funding.

- (9) Reform the state Medicaid Preferred Pharmaceutical Drug List to include the most effective drugs at the lowest price for each illness.
- (10) Reduce administrative costs for the state Medicaid Program by 10%.
- (11) Require state prisoners to pursue a GED as an incentive for probation or parole in order to reduce the recidivism rate.
- (12) Establish a self-sustaining state revolving loan fund to finance local capital outlay projects at reduced borrowing costs.
- (13) Postpone the current “LaGov ERP” computer upgrade until a cost-benefit analysis is completed and discontinue the program if the analysis indicates that it should be discontinued.
- (14) Propose legislation to place all higher education institutions except for community colleges under the jurisdiction of the Board of Regents.
- (15) Require the Board of Regents to eliminate wasteful duplicate programs by assigning each college and university a role, scope, and mission; provide for LSU to be the state’s flagship university; and implement a system for the universal uniform transfer of course credits from community colleges to 4-year colleges and universities, and also for the universal uniform transfer of course credits among colleges and universities.
- (16) Enter into joint ventures with private developers, chosen by competitive bid, to develop underutilized state land into income-producing assets, with the recurring revenues shared by the state and the private developers.
- (17) Authorize the Legislative Auditor to audit per-patient costs, employees per occupied bed, and medical supplies procurement and management at Louisiana’s Charity Hospitals, and require the implementation of recommendations by the Legislative Auditor.
- (18) Direct that annual spending per secure commitment in the Louisiana Office of Juvenile Justice be equal to the Southern average.
- (19) Require conditions in the contracts of all state vendors and contractors that they receive a tax clearance from the Department of Revenue certifying that all state taxes have been paid, and that the state is authorized to offset any future tax liabilities against contract payments owed such vendors and contractors.
- (20) Establish cooperative agreements with the states of Mississippi and Arkansas to purchase supplies in bulk and share heavy equipment, specialized vehicles, aircraft, warehouse space, call centers, collection operations, licensing functions, back office operations, and agricultural, fishery and nursery operations, similar to the Wisconsin-Minnesota Collaboration Project.
- (21) Propose legislation to competitively bid state contracts for maintenance of state-owned computer hardware and software.
- (22) Propose an Executive Budget which appropriates only 97% of revenue estimates by the Revenue Estimating Conference in order to minimize mid-fiscal year budget cuts and avoid disruption of agency budgets.
- (23) Any recommendations proposed by the Commission on Streamlining Government in its Report dated December 15, 2009, which is not in conflict with or otherwise would limit the budget reduction actions required by this section of the proposed law.
- (24) Any other budget reduction actions proposed by the governor or the commissioner.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 47:32(D))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the engrossed bill.

1. Changes the bill from a 4-year phase out of individual and corporate income tax beginning in 2011 and ending in 2015, when no tax would be due to the 10-year phase out described above.

Senate Floor Amendments to reengrossed bill.

1. Creates the State Commission on Revenues and Expenditures (SCORE) and requires the commission to submit a written plan to the legislature and the governor on or before January 6, 2012, together with recommendations for legislation, for a plan to reduce and eventually eliminate state income taxes; recommend budget reduction actions; and reduce or eliminate tax benefits.
2. Authorizes the legislature to modify and adopt the plan through the adoption of a concurrent resolution.
3. Provides that if the concurrent resolution containing the plan is adopted, then the section of the proposed law becomes effective which phases out the individual and corporate income tax over 10 calendar years.
4. Provides that if the concurrent resolution containing the plan is adopted, then the section of the proposed law becomes effective which directs the governor and the commissioner of administration to take administrative actions; adopt rules and regulations; and propose specific legislation to take a list of budget reduction actions set forth in the proposed law.

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the re-reengrossed bill.

1. Deletes phase-out of corporate income taxes from the bill.
2. Changes the year in which the phase-out of individual income taxes shall commence from 2013 to 2014.
3. Adds the state treasurer or his designee as a member of the SCORE commission.
4. Requires the SCORE commission to review all state exemptions and exclusions.
5. Changes the date by which designation of the membership of the SCORE commission shall be completed and submitted to the Senate president from July 1, 2011 to September 1, 2011.
6. Changes the date from which the first meeting of the SCORE commission shall be held from no later than August 1, 2011 to no later than October 1, 2011.
7. Changes the effective date of phasing-out the tax on personal income tax from upon adoption of a concurrent resolution by the SCORE commission to upon signature of the governor or lapse of time for gubernatorial action.