

SENATOR MICHAEL REESE, *Chairman*



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**LOUISIANA TAX INSTITUTE**  
**APPROVED APRIL 8, 2021**  
March 26, 2021

**I. CALL TO ORDER**

A meeting of the Louisiana Tax Institute was held on Friday, March 26, 2021 in Hainkel Room at the State Capitol in Baton Rouge, Louisiana. The chairman, Senator Mike Reese called the meeting to order at 10:38 AM

**II. ROLL CALL**

The secretary called the roll and the following was noted:

**MEMBERS PRESENT**

Senator Mike Reese  
Mr. Angelico  
Mr. Bergeron  
Dr. Richardson (designee for Mr. Block)  
Ms. Calhoun  
Mr. Cole  
Mr. Baugh, (designee for Mr. DeCuir)  
Mr. Robideaux  
Secretary Robinson

**MEMBERS ABSENT**

Professor Carter  
Professor Fasullo  
Dr. Sheffrin

**STAFF MEMBERS PRESENT**

Leonore F. Heavey, Chief Revenue Counsel  
Shannon C. Simpson, Senior Secretary  
Anita Carr, Administrative Secretary (streamer)

Mr. Cole offered a motion to adopt the minutes of March 5, 2021. There being no objection, the minutes of the meeting of March 5, 2021 were adopted/approved.

## DISCUSSIONS:

- *Louisiana Tax & Budget, Pandemic Recovery Edition*
  - Presentation by Jan Moller, Executive Director, Louisiana Budget Project (see presentation)

Mr. Moller explained that Louisiana is one of only five states in the country that has a  $\frac{2}{3}$  super majority requirement in its constitution in order to raise revenue. This perspective is fundamentally unfair whereby it only takes a majority vote to cut healthcare, services for a child, or make the cost of a college education more expensive, but a  $\frac{2}{3}$  super majority to raise the price for a gallon of gas and/or raise a fee or tax.

- *Reforming the Tax System in Louisiana*
  - Presentation by Daniel Erspamer, CEO, Pelican Institute (see presentation)

Mr. Erspamer discussed the principles of the Pelican Institute encourages simple, flat, fair and predictable. Louisiana will move up in rankings and will have better outcomes whereby people's lives will be positively impacted. People and jobs will come back to Louisiana. Also, there will be plenty of opportunities for everyone without the government being in the position of picking winners and losers.

Mr. Cole and Mr. Erspamer discussed the *NC Tax Reform: A Model for Louisiana* handout and if it had a built-in factor to allow revenue growth to keep up with inflation and if the ratchets were only for growth above the target. Mr. Erspamer explained that the ratchets were based on two years out of initial reform; the factor predicted some growth, inflation moving forward, and population.

Mr. Cole and Mr. Erspamer discussed the effective rate of corporate tax. Mr. Erspamer explained that it is hard to model because incentive programs and deductions are so targeted and the Pelican Institute cannot get the data to model the entire impact. The effective payment rate and the economic impact is based on the data.

Mr. Robideaux and Mr. Erspamer discussed the Louisiana Projected Results Revenue Neutral Corporate and the Louisiana Projected Results, Corporate Income Tax Repeal slides. They also discussed the North Carolina Tax Code.

Mr. Angelico and Mr. Erspamer discussed North Carolina's budget size and population. Mr. Erspamer explained that North Carolina's budget increased substantially and he did not have the population information. Over about a 10 year span, North Carolina had 15% growth in their budget and Mr. Erspamer would get exact information and provide to the Institute.

Mr. Robideaux also requested that Mr. Erspamer provide information regarding North Carolina's portion of the budget increase not related to federal programs.

- *HCR 11: Background and Recommendations*
  - Presentation by Dr. James A. Richardson

Dr. Richardson and Ms. Calhoun discussed the recommendations related to the sales tax on services base and the three alternative bases.

Ms. Calhoun and Secretary Robinson discussed donations to school tuition.

Mr. Angelico discussed sales tax base not being uniform between states and parishes. He inquired to Dr. Richardson the option of the state taxing groceries, utilities and prescription drugs.

Secretary Robinson discussed the value of exempt amounts; \$463 million for food; \$433 million for drugs and \$208 million for residential utilities.

Mr. Cole and Dr. Richardson discussed how aggressive it would be to tax food and prescription drugs on the state level.

- *Revenue Study Commission, Overview of Findings and Recommendations*
  - Presentation by Joel Robideaux

Mr. Robideaux requested staff to email link to his presentation documents.

Senator Reese discussed a meeting before session to talk about tax bills from the 2021 Regular Session and get the Institute's opinion.

Secretary Robinson discussed the fiscal note on the bill for sales of services expansion of the base filed in 2017. A rate of 5% was discussed at that time on those expansion services and it was about \$219 million as the bill was originally introduced.

## **V. CONSIDERATION OF ANY OTHER MATTERS THAT MAY COME BEFORE THE COMMITTEE**

## **VI. ADJOURNMENT**

There being no further business before the committee, Senator Robideaux moved to adjourn. Without objection, the meeting adjourned at 1:04 PM.

Respectfully submitted,



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Senator Mike Reese, Chairman