

Regular Session, 2012

SENATE CONCURRENT RESOLUTION NO. 103

BY SENATOR DONAHUE

LEGIS POWERS/FUNCTIONS. Provides for a study of credits, exemption, and rebates and the corresponding impact on the state budget.

A CONCURRENT RESOLUTION

To urge and request the Chairman of the Senate Committee on Finance and two members from Finance appointed by the President, the Chairman of the House Appropriations Committee and two members from Appropriations appointed by the Speaker, the Chairman of the Senate Committee on Revenue and Fiscal Affairs and two members from the Senate Committee on Revenue and Fiscal Affairs appointed by the President, and the Chairman of the House Committee on Ways and Means and two members from the House Committee on Ways and Means, appointed by the Speaker, and the President of the Senate and Speaker of the House to meet and to function as a commission to study Louisiana revenue laws with respect to Louisiana's exemptions, credits, rebates, and other tax preference expenditures, identify the low-performing or antiquated tax preference expenditures and recommend their temporary or permanent reduction or elimination, and report its findings and recommendations.

WHEREAS, Louisiana's present revenue raising system includes a myriad of tax preference expenditures such as exclusions, exemptions, suspensions, deductions, credits, refunds, rebates and preferential tax calculation methods; and

WHEREAS, these many existing tax preference expenditures, combined with the

1 recent expansion of rebate programs which provide reimbursement for expenditures  
2 unconnected with the existence of any tax liability, have a corresponding large but unknown  
3 impact on the state budget; and

4 WHEREAS, Louisiana has experienced several years of consecutive budget  
5 shortfalls, budget reductions, and mid-year budget cuts; and

6 WHEREAS, the budgetary crisis continues and the citizens, business interests, and  
7 other members of the community continue to seek equity in Louisiana's laws concerning  
8 revenue measures; and

9 WHEREAS, a current review of state revenue derived from individuals and  
10 corporations could assist in determining revenue equity and budgetary priorities.

11 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby  
12 urge and request the Chairman of the Senate Committee on Finance and two members from  
13 Finance appointed by the President, the Chairman of the House Appropriations Committee  
14 and two members from Appropriations appointed by the Speaker, the Chairman of the  
15 Senate Committee on Revenue and Fiscal Affairs and two members from the Senate  
16 Committee on Revenue and Fiscal Affairs appointed by the President, and the Chairman of  
17 the House Committee on Ways and Means and two members from the House Committee on  
18 Ways and Means, appointed by the Speaker, and the President of the Senate and Speaker of  
19 the House to meet and function as a commission to do the following:

20 (1) Determine the generally accepted, most effective economic model or models  
21 which are used to determine the economic impact of a tax preference expenditure.

22 (2) Use the economic model or models to establish criteria for the identification of  
23 the low-performing or antiquated tax preference expenditures, based on the cost of the tax  
24 preference expenditure compared to (a) the revenue gained by the state; (b) the revenue  
25 gained by local governments; (c) and the overall economic impact of the tax preference  
26 expenditure in terms of the number of jobs created by recipients of the tax preference  
27 expenditure and by the direct economic activity through the economy.

28 (3) Identify the low-performing or antiquated tax preference expenditures.

29 (4) Recommend the temporary or permanent reduction or elimination of the  
30 identified low-performing or antiquated tax exemptions, suspensions, exclusions, deductions,

1 credits, refunds, rebates, and preferential tax calculation methods.

2 BE IT FURTHER RESOLVED that the Senate and House Fiscal Divisions Staffs,  
3 Legislative Fiscal Office, Legislative Auditor, the Department of Economic Development  
4 and the Department of Revenue, shall provide any necessary support to carry out the purpose  
5 of this Senate Concurrent Resolution.

6 BE IT FURTHER RESOLVED that this commission convene no later than  
7 September 1, 2012, and report findings and recommendations to the President of the Senate  
8 and the Speaker of the House no later than February 1, 2013.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Sherry Phillips Hymel.

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#### DIGEST

Donahue

SCR No. 103

Urges and requests a commission composed of the President of the Senate and the Speaker of the House and the Chairmen of the Senate Committees of Finance and Revenue and Fiscal Affairs and the Chairmen of the House Committee on Appropriations and Ways and Means and other members appointed by the President and Speaker to do the following:

1. Determine the generally accepted, most effective economic model or models which are used to determine the economic impact of a tax preference expenditure.
2. Use the economic model or models to establish criteria for the identification of the low-performing or antiquated tax preference expenditures, based on the cost of the tax preference expenditure compared to (a) the revenue gained by the state; (b) the revenue gained by local governments; (c) and the overall economic impact of the tax preference expenditure in terms of the number of jobs created by recipients of the tax preference expenditure and by the direct economic activity through the economy.
3. Identify the low-performing or antiquated tax preference expenditures.
4. Recommend the temporary or permanent reduction or elimination of the identified low-performing or antiquated tax exemptions, suspensions, exclusions, deductions, credits, refunds, rebates, and preferential tax calculation methods.