STABILIZING THE BUDGET: UNFINISHED BUSINESS

2016 SECOND SPECIAL SESSION PLAN

(To realize the revenue needed to correct the remaining $600 million budget shortfall in FY 2017, which begins July 1, 2016, including additional work towards permanent structural budget stabilization)

Goals

- Raise the revenue still lacking to fully fund FY 2017 budget – including TOPS scholarships, higher education, K-12 education (including student voucher funding), as well as safety net hospitals and many critical health care services for Louisiana citizens – without continuing budget gimmicks used in the past.
- Clean up errors resulting from the handling of legislation at the end of the 2016 First Special Session.
- Take additional steps now toward broader, stabilizing tax reform as recommended by the Task Force on Structural Changes in Budget and Tax Policy.

Plan

- Address any budget steps needed (although the administration is not currently anticipating issues with HB 1 or HB 2) to make use of additional FY 2017 revenue realized during the 2016 Second Special Session (Items 1-4).
- Raise additional revenue through restructuring of license and premium taxes on certain health care entities (Items 5-6).
- Clean up various unintended tax consequences created at the end of the 2016 First Special Session (Items 7-35). This clean-up includes removing taxes inadvertently imposed on the following:
  - Tickets to school athletic and entertainment events.
  - Food sales by youth serving organizations (such as Girl Scouts).
  - Sales or leases to Boys State, Girls State.
  - Sales and donations to food banks.
  - Room rentals at non-profit camp and retreat facilities, and certain homeless shelters.
  - Sales, lease, rental and use of educational (and certain other) materials for parochial and private schools.
  - Non-profit organization’s sales of donated goods when the organization uses 75% or more of the revenue to employ or train persons with disabilities.
  - Garage sales.
  - Fire-fighting equipment purchased, leased or rented by volunteer fire departments.
  - Purchases, leases or rentals by hospitals that provide free care to all patients.
  - Membership fees or dues of non-profit civic organizations.
- Non-profit fundraiser/entertainment events and musicals; Little Theatre organizations’ events; fairs and festivals; and certain non-profit admissions, parking fees, and sales.

- Sales of human transplants; items used in collecting blood, and treating blood-borne diseases.

- Prosthetic devices; wheelchairs and prescription eye-glasses; colostomy bags; adaptive driving equipment and motor vehicle modifications; and sales/rentals of kidney dialysis machines and supplies prescribed for home use.

- School lunches and meals furnished by various educational, religious, or medical organizations.

- Licensed commercial fishermen’s purchases of fishing boats, boat supplies, fuels, and repairs.

- Sales of any fuel or gas, including butane and propane purchase for private residential consumption.

- Saints, Pelicans, and Zephyrs tickets, in keeping with the state’s contracts with these entities.

- Allow consideration of certain tax credits in certain sunnsetted items addressed in Acts 123 and 125 of 2015 (Items 36-37).

- Address certain corporate income tax changes and a proposed constitutional amendment contained in Acts 8, 30, and 31 of 2016 First Special Session (Items 38-40).

- Address state income tax deduction for net capital gains (Item 41).

- Return to allowing a lower percentage of personal excess federal itemized deductions to be used in computing state income taxes (Item 42).

- Consider making changes to the rates and brackets for individual taxpayers’ state income taxes (Item 43).

- Address apportionment percentage and foreign trade zones as related to corporation income and franchise taxes (Item 44).

- Address interest paid on refunds of tax overpayments (Item 45).

- Address the tax credit for the Louisiana Citizens Property Insurance Corporation 2005 regular assessment (Item 46).

- Allow consideration of changes to certain existing refundable tax credits (Item 47).

- Address the “primary use test” as applied to Louisiana’s “further processing” exclusion (Item 48).