2016
1st Extraordinary Session of the Louisiana Legislature

House Legislative Services
Louisiana House of Representatives
March 17, 2016
2016 1st Extraordinary Session

“Special Session”

- “Called” by the Governor’s [Proclamation No. 10 JBE 2016](#) to address certain fiscal matters, including raising of revenue, which cannot be considered in the 2016 Regular Session
- Legislators limited to filing and debating bills that fall within the subjects set out by the Governor’s “call”
- 25 day session, convening on Sunday, February 14, 2016, and adjourning Wednesday, March 9, 2016

The Numbers

- Total Instruments Filed:
  - 127 House Bills
  - 27 Senate Bills
- Constitutional amendments:
  - 14 constitutional amendments filed
  - 1 will be submitted to the voters

by HLS, Louisiana House of Representatives
Session at a Glance

Budget
- Beginning Year Shortfalls
- What Caused Mid-Year Shortfall?

Fiscal Action
- Spending Cuts
- Revenue Raising
- Revenue Adjustments

Going Forward
- Remaining Shortfalls
- Additional Studies

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What Caused Mid-Year Shortfall?

$954,139,310
FY 2015-2016 Shortfall

- Anticipated executive “preamble” cuts not implemented: $18,840,452
- Anticipated FEMA reimbursement not realized: $17,401,603
- Budget short to cover unanticipated expenditure needs: $281,246,413
- Unanticipated expenditure needs to be absorbed: $66,550,842
- Revenue loss due to drops in oil & gas prices & decline in income & sales tax collections: $570,100,000

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HB 2 – Repeal of the SAVE Act

Under the former governor’s “No Tax Pledge,” legislation raising taxes had to be offset by a corresponding tax relief measure, or risk being vetoed. The SAVE Act was passed as an offset for revenue raising measures designed to save higher education.

The Act created a tax credit for institutions equal to an unenforced student assessment, thus creating a tax relief measure to offset tax increases necessary to save higher education.

HB 2 was the first bill passed by the House in the Special Session, demonstrating the members’ commitment to structuring a budget with honest & straight-forward tax policy.

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Spending Cuts

- **HB 122** – Executive appropriation
  - $39,852,588 cut from total budget of $25 billion (after vetoes)

- **HB 118** – Judicial appropriation
  - $3,991,120 cut from total budget of $180 million

- **HB 119** – Legislative appropriation
  - $2,033,243 cut from total budget of $73 million
Initial findings are to be reported to the Joint Legislative Committee on the Budget by March 17th.

HCR 2 directs state officials to review state contracts and:

- Identify contracts that can be terminated
- Determine potential savings from termination
- Identify contracts that have already been terminated
Immediate Revenue Raising

- **HB 62**: $214,200,000 — “Clean” penny added to state sales & use tax
- **HB 61**: $65,300,000 — “Cleans” existing state sales & use tax
- **HB 14**: $11,000,000 — Increases cigarette tax by 22 cents per pack
- **HB 27**: $4,700,000 — Beer, wine, & spirits taxes increased
- **HB 43**: $3,700,000 — Caps annual vendor compensation
- **HB 39**: $800,000 — Automobile rental tax
- **HB 72**: $600,000 — Renews tax on telecommunications services
- **HB 18**: $275,000 — Discount for reporting & remitting tobacco taxes reduced
- **HB 28**: $94,000 — Discount for reporting & remitting alcohol taxes reduced

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Future Revenue Raising

**HB 19**
Expands the companies subject to the corporate franchise tax

**HB 87**
Reduces insurance premium tax credits by 5% for 2 years

**HB 55**
Add-back for certain corporate income tax deductions

**HB 59**
Extends hotel-motel tax to include online bookings (Airbnb)

**HB 71**
Reduces Enterprise Zone tax credit

**HB 95**
Repeals state deduction of federal income taxes for corporations

**HB 29**
Flat 6.5% tax rate for corporate income tax

**HB 30**
Collects sales tax from internet sales

**HB 20**
Prohibits amount of net operating loss (NOL) deductions

**HB 116**
Provides for order of loss years for NOL

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Additional Revenue Adjustments

**Executive Order JBE 16-4** reduced agency spending by $21,734,240

Executive cuts approved by the Joint Legislative Committee on the Budget totaled $38,490,799

**SCR 2** tapped the “Rainy Day” fund for $128,459,664

**SB 4** tapped BP oil spill settlement funds for $200,000,000

General Obligation (GO) Municipal Bond restructuring of $81,641,065
Remaining Shortfalls

Current Fiscal Year (FY16),
ending June 30, 2016

Cuts and revenue measures taken this session reduced the $954 million shortfall by $884 million*

$70 million*

Next Fiscal Year (FY17),
begining July 1, 2016

Cuts and revenue measures taken this session will reduce the $2 billion shortfall by $1.25 billion*

$750 million*

*Based on Revenue Estimating Conference meeting on March 16, 2016
by HLS, Louisiana House of Representatives
Additional Studies

**HCR 11**

- Creates the Task Force on Structural Change in Budget & Tax Policy

**SCR 6**

- Establishes a task force to study ad valorem taxes that are offset by state tax credits
Constitutional Amendment on the November 8, 2016 ballot

HB 31

If approved by the voters, HB 31 would remove a deduction allowing corporations to reduce their state tax liability by the amount of federal income taxes they pay.