

Louisiana

District 69 Update

January 2017

Representative Paula P. Davis



HAPPY NEW YEAR!

While walking neighborhoods during the campaign and talking with people during this past year, I confirmed that regardless of political party affiliation, the priorities of District 69 include comprehensive tax reform, balancing the budget without gimmicks, paying recurring expenses only with recurring revenues, and government living within its financial means. With these solid priorities as a backdrop, I'm preparing for the special session that Governor Edwards intends to call to deal with an estimated budget shortfall of over \$300 million for the current fiscal year. This is our third special session since I took office and it'll likely begin between Valentine's Day and Mardi Gras.

This is the 15th mid-year budget deficit in the past nine years. This cycle reminds me of a quote attributed to Albert Einstein: "Insanity ... doing the same thing over and over again and expecting different results." Louisiana's budget and tax policies are the definition of insanity. It's time to reform our budget and tax policies now.

Part of the solution to ending recurring budget deficits is to live within our financial means. The governor and legislature are off to a good start by making \$850 million in budget cuts this past year but we're still in a budget deficit. For the state to live within its financial means, we must cut the budget across all state programs and agencies. Higher education and health services for the poor, elderly and disabled take the brunt of the budget cuts every year because those budget areas are not protected by either the constitution or statute. Think about that ... two of the most important areas that should be protected from wholesale budget cuts are the two areas that are not protected. Higher education, for example, has lost over half of its state funding and suffered 16 budget cuts over the last nine years.

Higher education and healthcare get slashed every year because there are too many other state revenues that are dedicated to special causes through constitutional and statutory dedications and cannot be reduced. A constitutional convention on budget and tax issues would allow the legislature and delegates to consider those dedications and open up budget-cutting options. A lot has changed since the 1973 Louisiana Constitutional Convention, when I was born! Of course, the groups that receive those dedicated appropriations are going to fight to protect their turf but it's time for change.

In addition to budget-cutting challenges, the legislature has received several tax reform recommendations throughout the years but there has been extreme reluctance to enact substantive reform. The latest expert recommendations come from the Task Force on Structural Changes in Budget & Tax Policy. We need to implement many of these recommended reforms. The recommendations are transparent and you can learn about the Task Force Summary of Recommendations and the more detailed Task Force Overview and Recommendations at:

<http://www.revenue.louisiana.gov/LawsAndPolicies/TaskForceOnStructuralChangesBudgetTaxPolicy>

Finally, it would also be fiscally irresponsible to tap into the state's rainy day fund to sweep one-time funds to pay for recurring expenses. That would be precisely the same old budget gimmicks that helped get us into this mess. Sweeping rainy day fund money to pay for today's recurring expenses doesn't solve how we're going to pay for tomorrow's recurring expenses. It doesn't solve our systemic budget problems and simply avoids dealing with the underlying problems.

We must adopt necessary budget and tax reforms if we're to get programs like TOPS and our economy back on sound footing. Our state needs programs like these on sound footing to attract quality students to study and stay in Louisiana and to incentivize quality businesses to locate in Louisiana and employ our people.

We can't keep doing what we've been doing because that's obviously not working. Those of us working together on these challenges know it'll be difficult to change many minds, but that's not stopping our dedicated and growing group from taking on the heavy load of supporting comprehensive budget and tax reform.

Please let me know your thoughts - agree or disagree. I want to hear your suggested solutions to these recurring budget and tax problems.

Paula