



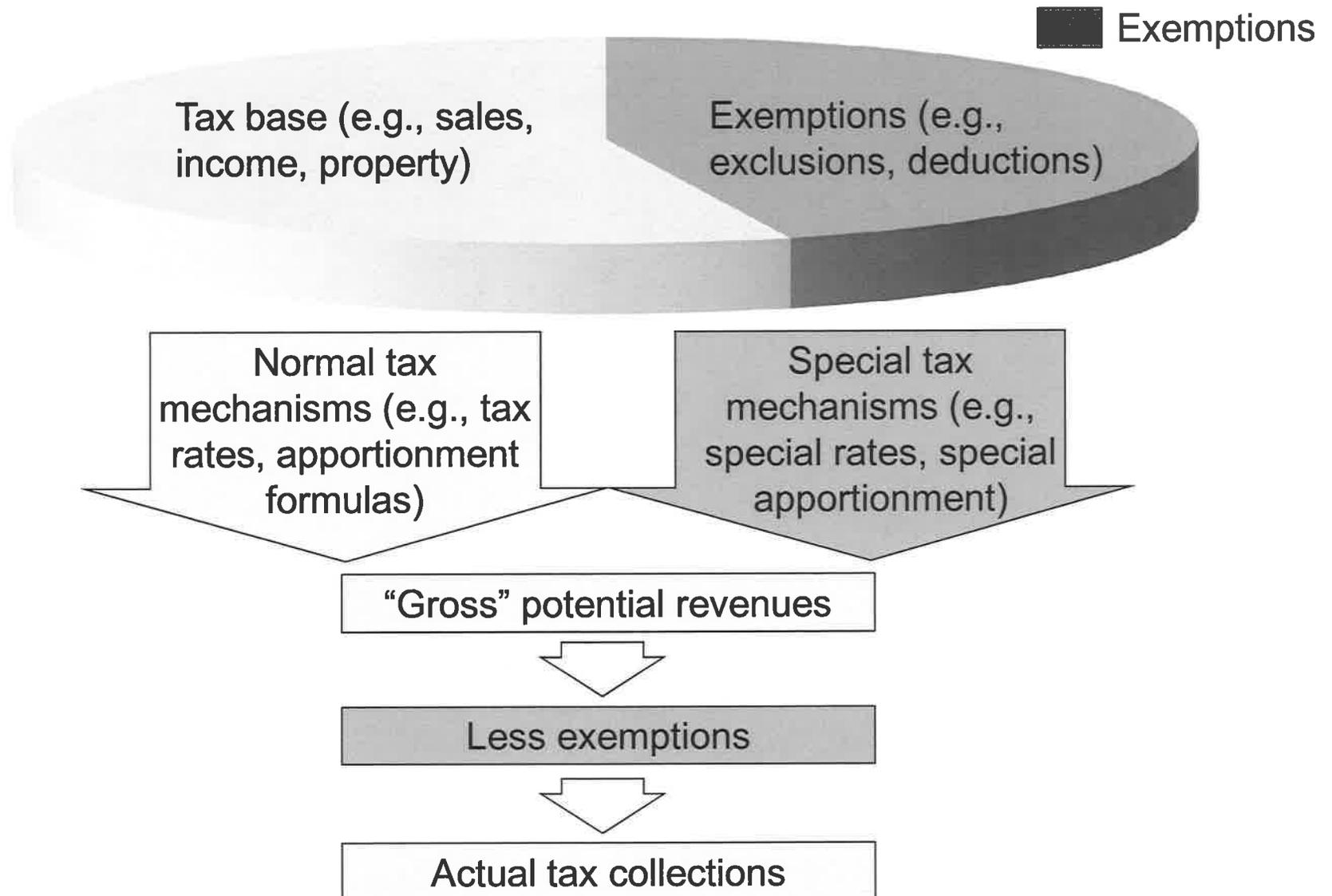
SELECTED EXHIBITS FOR THE REVENUE STUDY COMMISSION

OVERVIEW

- State tax systems are composed of many factors, including types of activities that are taxed, brackets, rates and exemptions
- The entire tax system determines a state's tax burdens and competitiveness
- Competitiveness should be viewed in general terms and in particular areas (e.g., key industry sectors)
- We recommend the Revenue Study Commission focus on enhancing our state's competitiveness in important areas

TAX EXEMPTIONS ARE PART OF A BROADER TAX SYSTEM

CONCEPTUAL FRAMEWORK



THERE ARE MANY MEASURES OF LOUISIANA'S TAX COMPETITIVENESS

EXAMPLES FOR INDIVIDUALS

Measure	Description	Limitations	LA's rank (1=best)	
			Nation	South
<i>State-Local Tax Burden, FY09 (Tax Foundation)</i>	<ul style="list-style-type: none"> Total State and local taxes as percent of total personal income 	<ul style="list-style-type: none"> Very broad measure; does not account for differences in tax profile of individuals 	9	4
<i>Sales Tax: Combined State and Average Local Rates, 2012 (Tax Foundation)</i>	<ul style="list-style-type: none"> Combined state and local sales tax rates 	<ul style="list-style-type: none"> Focuses on sales tax only 	48	15
<i>State and Local Property Tax Collections Per Capita, FY09 (Tax Foundation)</i>	<ul style="list-style-type: none"> Property tax collected per capita 	<ul style="list-style-type: none"> Focuses on property tax only 	6	4

THERE ARE MANY MEASURES OF LOUISIANA'S TAX COMPETITIVENESS

EXAMPLES FOR BUSINESSES

Measure	Description	Limitations	LA's rank (1=best)	
			Nation	South
<i>Location Matters</i> (Tax Foundation)	<ul style="list-style-type: none"> Estimated tax burdens for both new and mature firms across industries 	<ul style="list-style-type: none"> Does not consider all industries or provide overall state ranks 	2 } <i>New</i> 10 } <i>Mature</i> 3	1
<i>State Business Tax Climate Index</i> (Tax Foundation)	<ul style="list-style-type: none"> Measure of alignment of tax system with principles of tax neutrality and fairness 	<ul style="list-style-type: none"> Does not measure actual business tax burden; ignores differences in industry mix 	32	6
<i>Total State and Local Business Taxes</i> (COST/Ernst and Young)	<ul style="list-style-type: none"> Aggregate business tax burden (ratio of taxes paid to private sector GSP) 	<ul style="list-style-type: none"> Does not provide actual tax burden on individual businesses; ignores differences in industry mix 	35	13

THE VARIOUS ELEMENTS OF THE BROADER TAX SYSTEM DETERMINE A STATE'S TAX COMPETITIVENESS

ILLUSTRATIVE EXAMPLE

Rank for new firms
(#1=best)

Louisiana

Corporate income tax

- 8% top rate; FIT deduction

Sales tax

- ~8.9% rate; MME exempt

Property tax

- 1-2% average range

Other taxes

- 1.7% UI (\$7,700 max base)

Exemptions/incentives

- QJ, R&D, ITEP, Inventory TC

#2

Texas

Corporate income tax

- 1% rate; single-sales apport.

Sales tax

- 7.4-8.3%; MME exempt

Property tax

- 3.5-4.0% average range

Other taxes

- 2.7% UI (\$9,000 max base)

Exemptions/incentives

- 10-yr 15% prop. tax abate.

#42

SIMILAR TO THE ENVIRONMENT IN MOST STATES, LA's TAX COMPETITIVENESS IS STRONG IN SOME AREAS AND WEAKER IN OTHERS

ILLUSTRATIVE EXAMPLE

	LA's rank (1=best)	
	New Firm*	Mature Firm**
Overall Rank	2	10
R&D Facility	1	1
Labor-Intensive Manufacturer	1	16
Capital-Intensive Manufacturer	1	20
Corporate Headquarters	2	26
Call Center	42	29
Distribution Center	43	40

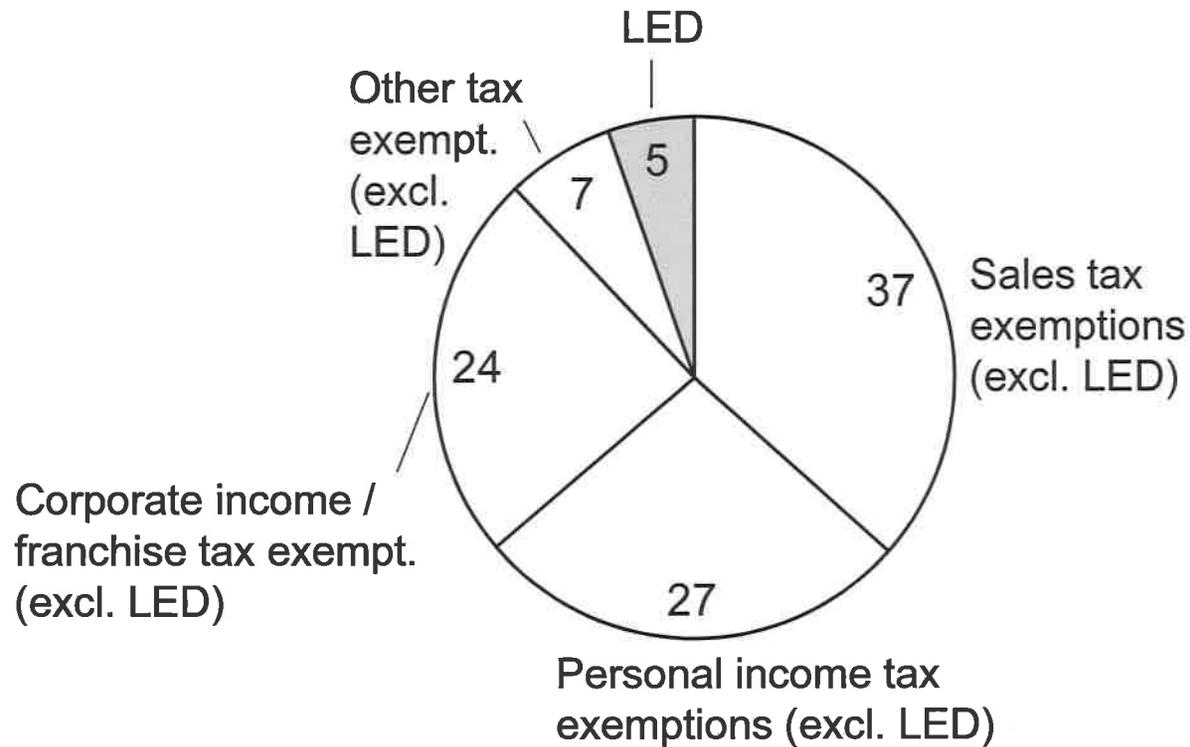
* New firms have been in operation less than three years

** Mature firms have been in operation 10 years or more

ALL TAX EXEMPTIONS IN LOUISIANA TOALED \$6.8 BILLION IN FY11

LED-managed exemptions

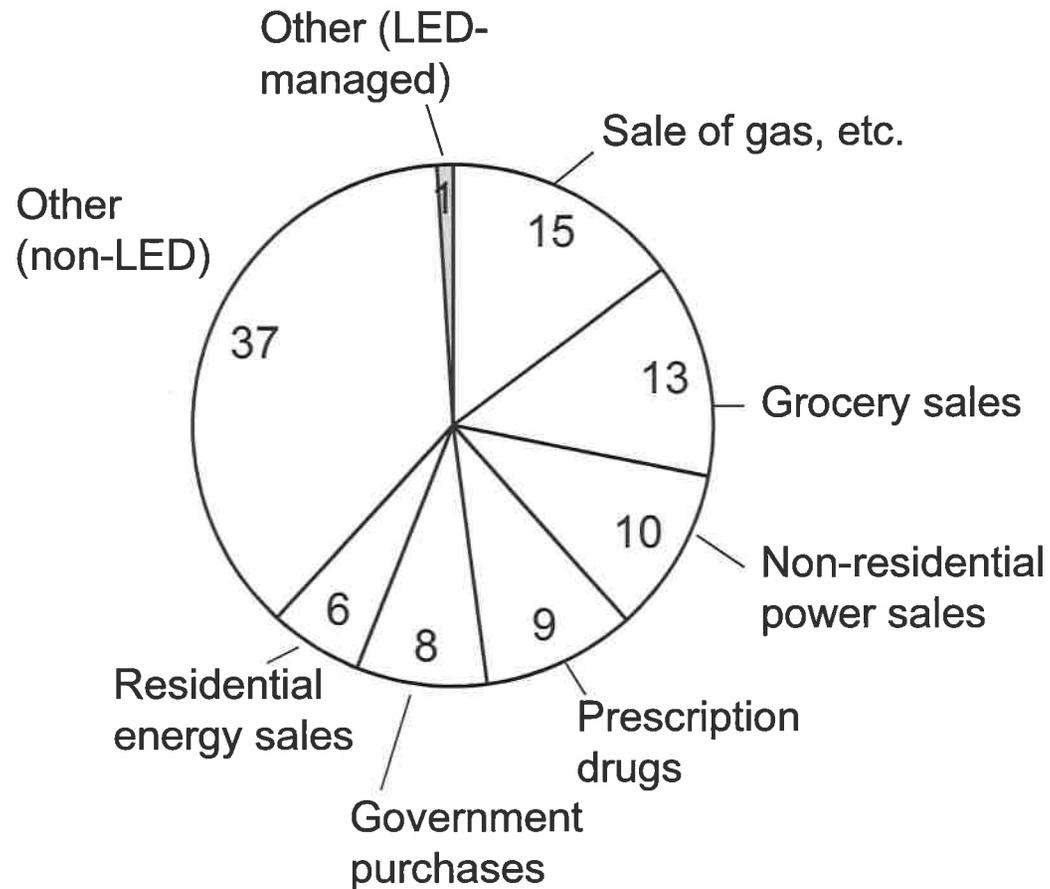
Total value (% in FY11)
100% = \$6.8 billion



SALES TAX EXEMPTIONS IN LOUISIANA TOTALED \$2.5 BILLION IN FY11

LED-managed exemptions

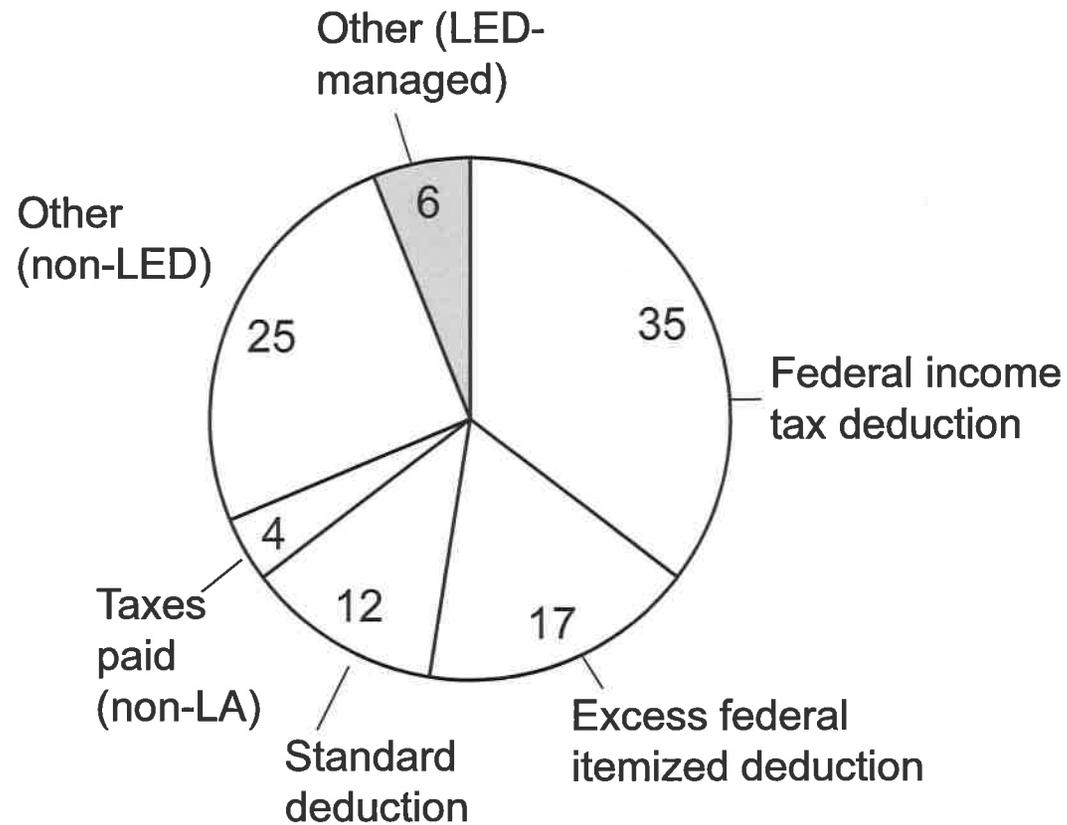
Total value (% in FY11)
100% = \$2.5 billion



PERSONAL INCOME TAX EXEMPTIONS IN LOUISIANA TOTALED \$2.0 BILLION IN FY11

LED-managed exemptions

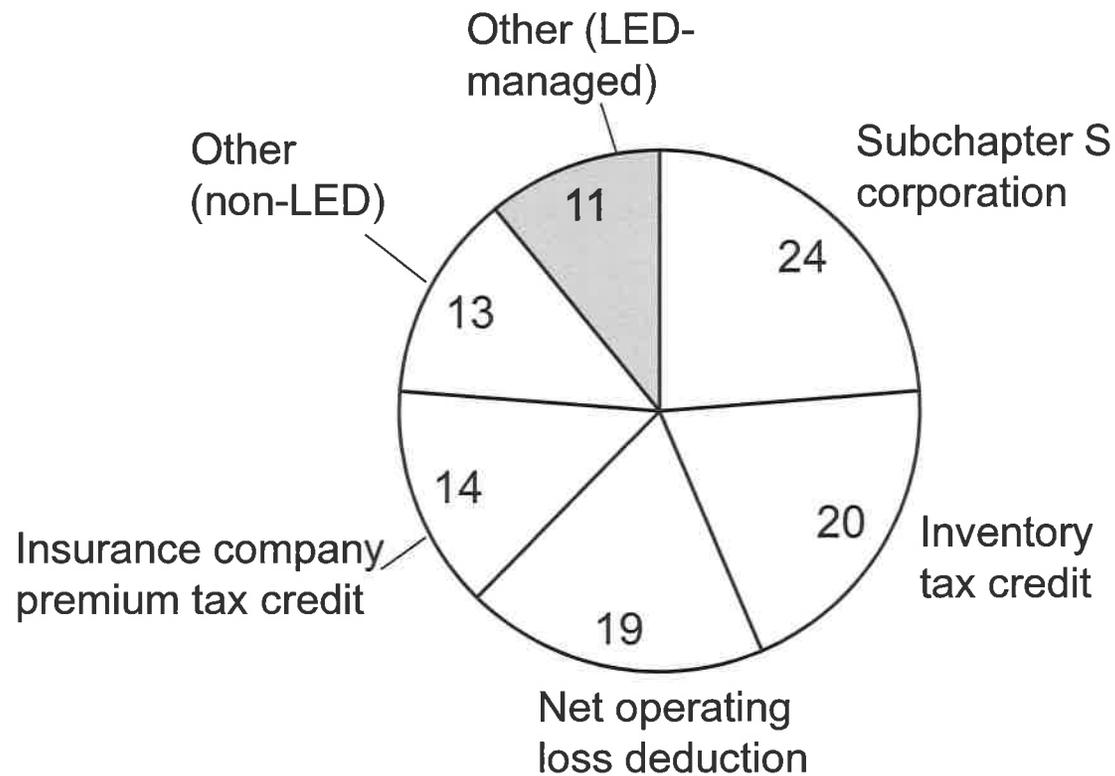
Total value (% in FY11)
100% = \$2.0 billion



CORPORATE INCOME AND FRANCHISE TAX EXEMPTIONS IN LOUISIANA TOTALLED \$1.8 BILLION IN FY11

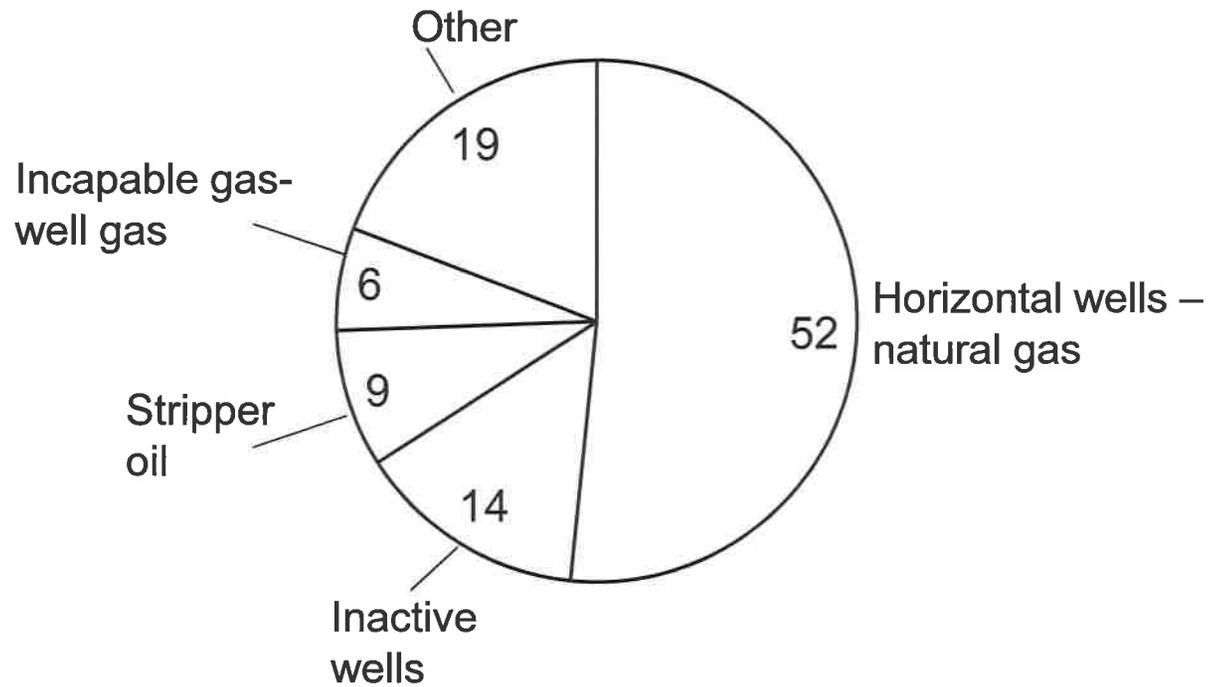
LED-managed exemptions

Total value (% in FY11)
100% = \$1.8 billion



ALL OTHER TAX EXEMPTIONS IN LA TOTALED \$455 MILLION IN FY11

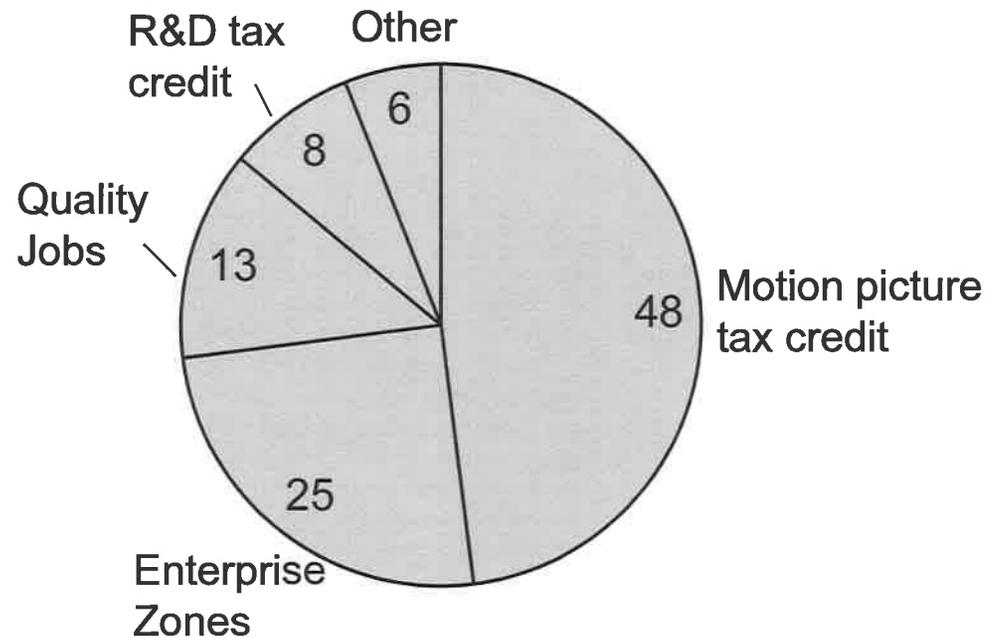
Total value (% in FY11)
100% = \$455 million



LED-MANAGED TAX EXEMPTIONS TOTALED \$364 MILLION IN FY11

LED-managed exemptions

Total value (% in FY11)
100% = \$364 million



Questions?



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