



2016

1st Extraordinary
Session of the
Louisiana Legislature



House Legislative Services
Louisiana House of
Representatives
March 17, 2016



2016 1st Extraordinary Session

State of Louisiana

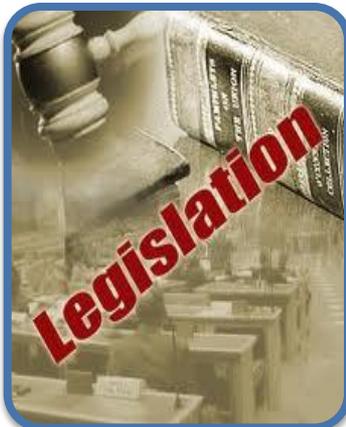
STATE OF LOUISIANA
OFFICE OF THE GOVERNOR
BATON ROUGE, LOUISIANA
PROCLAMATION No. 10 JBE 2016

By virtue of the authority vested in me by Paragraph B of Section 2 of Article III of the Constitution of Louisiana, I, John Bel Edwards, Governor of the state of Louisiana, HEREBY CALL AND CONVENE THE LEGISLATURE OF LOUISIANA INTO EXTRAORDINARY SESSION to convene at the State Capitol, in the city of Baton Rouge, Louisiana, during twenty-five calendar days, beginning at 4:00 o'clock p.m. on the 14th day of February 2016, and ending no later than 6:00 o'clock p.m. on the 9th day of March, 2016. This extraordinary session is also called to address the necessary adjustments in appropriations as required by Paragraph F of Section 10 of Article VII of the Constitution of Louisiana. The power to legislate at such session shall be limited, under penalty of nullity, to the following specified enumerated objects:

- ITEM NO. 1: To provide for reductions to the ordinary operating expenses of state government for the Fiscal Year 2015-2016.
- ITEM NO. 2: To amend the Constitution relative to deductible items in computing state income taxes.
- ITEM NO. 3: To legislate with regard to the rates and brackets for state income tax.

“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

Session at a Glance

Budget

Beginning Year Shortfalls

What Caused Mid-Year Shortfall?

Fiscal Action

Spending Cuts

Revenue Raising

Revenue Adjustments

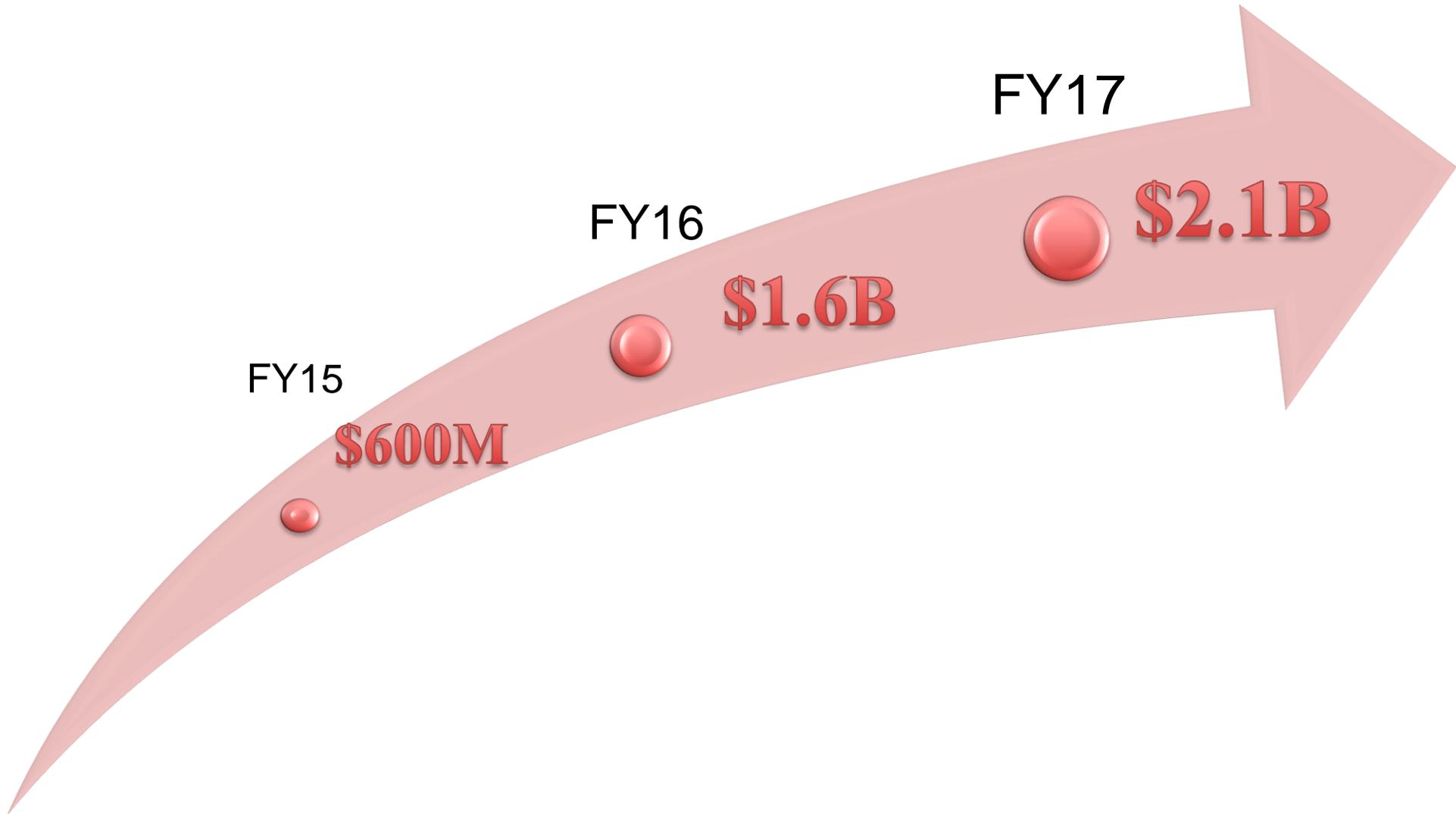
Going Forward

Remaining Shortfalls

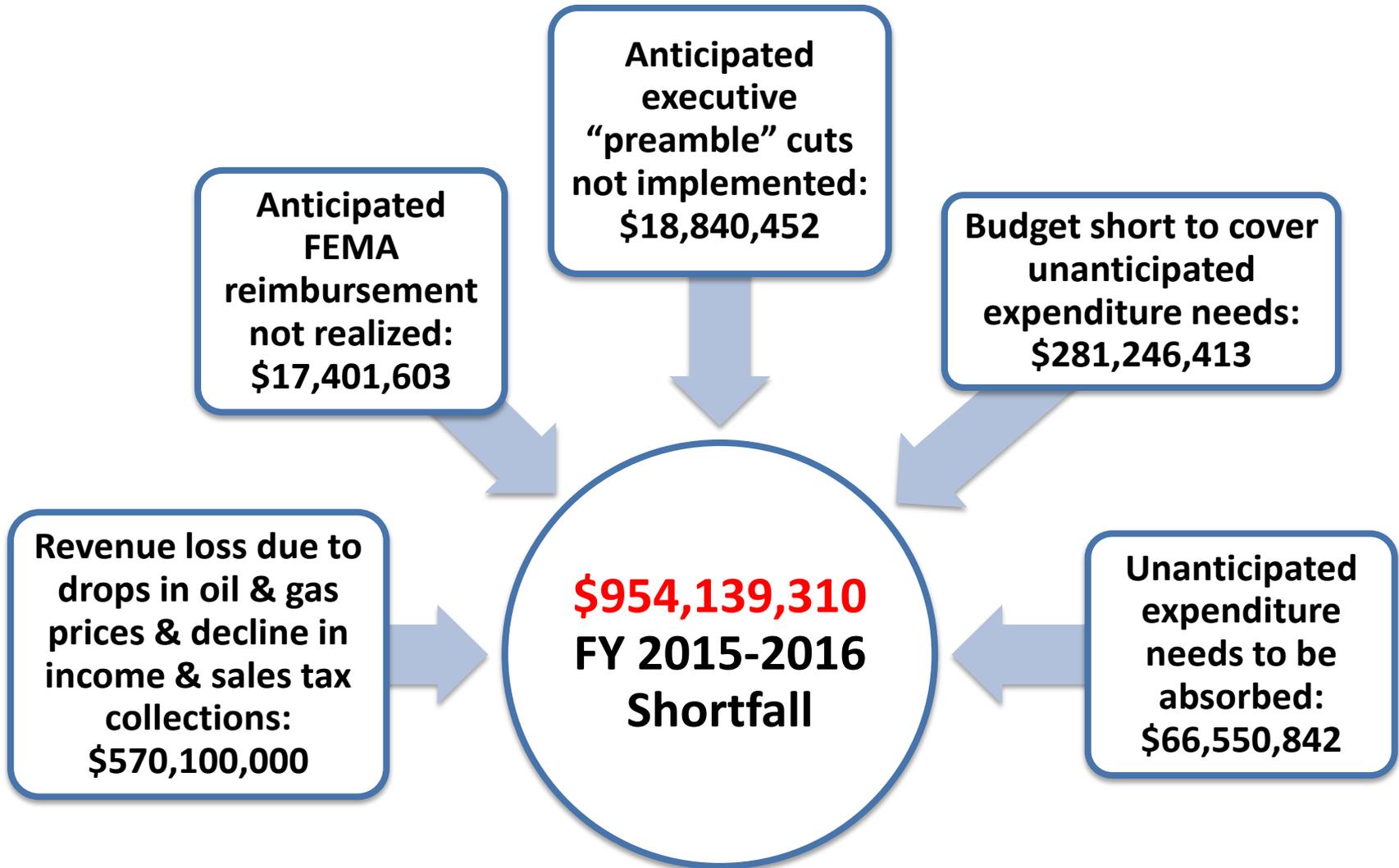
Additional Studies



Beginning Year Shortfalls



What Caused Mid-Year Shortfall?



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.



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

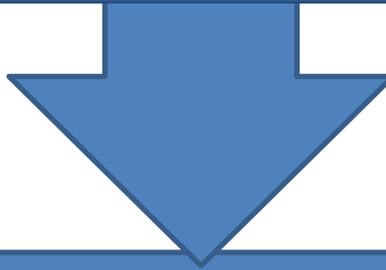
Spending Cuts: State Contracts

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



Initial findings are to be reported to the Joint Legislative Committee on the Budget by March 17th.

Immediate Revenue Raising

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

Future Revenue Raising

[HB 19](#)

Expands the companies subject to the corporate franchise tax

[HB 95](#)

Repeals state deduction of federal income taxes for corporations

[HB 87](#)

Reduces insurance premium tax credits by 5% for 2 years

[HB 29](#)

Flat 6.5% tax rate for corporate income tax

[HB 55](#)

Add-back for certain corporate income tax deductions

[HB 30](#)

Collects sales tax from internet sales

[HB 59](#)

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

[HB 20](#)

Prohibits amount of net operating loss (NOL) deductions

[HB 71](#)

Reduces Enterprise Zone tax credit

[HB 116](#)

Provides for order of loss years for NOL

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),
beginning 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

automobile
ad
homestead
exemptions
deduction
estate franchise
valorem individual
tax itemized
corporation
income rebates
sales credits
alcohol penny
study



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.