

Sales Tax Streamlining and Modernization Commission

Minutes of Meeting
2015-2016 Interim
September 16, 2015

I. CALL TO ORDER

Representative Julie Stokes, chairman of the Sales Tax Streamlining and Modernization Commission, called the meeting to order at 10:14 a.m. in Room 5, in the state capitol in Baton Rouge, Louisiana. The secretary called the roll.

II. ROLL CALL

MEMBERS PRESENT:

Representative Julie Stokes, chairman
Don Allison
Bob Angelico
Roger Bergeron
Jay Campbell
Rona Daigle
Representative Michael Danahay
Matt Zagotti for Jason DeCuir
Scott Drenkard
Jessica Elliott
David Greer
Bob Israel
Paula Jeasonne
Senator Ronnie Johns
Vanessa LaFleur
Michael Norton
Jeanine Theriot

MEMBERS ABSENT:

Dannie Garrett
Natalie Robottom
Dawn Starns

STAFF MEMBERS PRESENT:

Alison Pryor, deputy director
Kristin Cheng, secretary
Elise Read, senior analyst
Tina Vanichigoran, attorney

ADDITIONAL ATTENDEES PRESENT:

Speaker Taylor Barras

III. BUSINESS

Dr. James A. Richardson, professor of economics, Louisiana State University, no address provided, (225) 862-8610, spoke for information only and provided a PowerPoint presentation prepared by himself, Dr. Steven M. Sheffrin, (Department of Economics, Tulane University) and Dr. James Alm (Department of Economics, Tulane University), relative to sales tax in Louisiana. (See Exhibit "A")

Dr. Sheffrin, closed the presentation, stating that there has to be a coordination of efforts between local government and state government to address sales tax and exemptions in Louisiana. He suggested that the commission prepare a listing of parish tax exemptions and actions that could be taken to bring things into conformity.

Representative Stokes indicated that efforts were already being taken to address the base differences between the parishes.

Representative Stokes and Dr. Richardson discussed sales tax exemption admissions and exclusions, and a handout briefly mentioned by Representative Stokes, relative to sales tax exemptions from 6/30/2013 to 6/30/2014. (See Exhibit "B")

Dr. Richardson answered questions from commission members (Mr. Allison and Mr. Angelico) concerning total tax revenue loss and service sector tax.

Representative Stokes questioned whether any action had been taken on a list of tax expenditures identified for legislative action prepared by the Revenue Study Commission. (See Exhibit "C")

Secretary Tim Barfield, Louisiana Department of Revenue, no address provided, (225) 229-2133. He discussed tax reform and told the members that they should refer to Page 234 of the Tax Exemption Booklet for more information concerning clarification for tax exemptions and exclusions. (See Exhibit "D")

Secretary Barfield referred the members to a handout entitled, "Sales Tax Return Line 33—other Totally Tax Exempt Sales". (See Exhibit "E")

Representative Stokes mentioned that the members had been provided a spreadsheet on sales tax exemptions and their year of origination. (See Exhibit "F")

Rona Daigle questioned the five-year methodology used by other states to track their exemptions. Secretary Barfield stated that it varied greatly by states, but that the state he was most familiar with was Indiana. Indiana was making a concerted attempt to look at the return on investment of exemptions and was doing a full-fledged study to look at the impact on the industry segment and the behaviors they were trying to impose. He said that it was taking them three to five years to pull that information.

Scott Drenkard, Tax Foundation, provided a handout relative to Business-to-Business Transactions, Taxability of Specific Goods, and Taxability of Specific Services by states (See Exhibit "G"), and a handout entitled, "Louisiana-Wide Sales Tax Base Analysis" spreadsheet, prepared by Ms. Jeanine Theriot (See Exhibit "H"), a handout entitled, "The Sales and Use Tax Chart: Taxability of Utilities in the State Sales Tax" by Bloomberg BNA (See Exhibit "I"), a handout entitled, "Sales and Use Tax Chart: Taxability of Drugs in the State Sales Tax" by Bloomberg BNA (See Exhibit "J"), a handout entitled, "Sales and Tax Chart: Taxability of Telecommunications Services in the State Sales Tax" by Bloomberg BNA (See Exhibit "K").

Emily Toller, attorney supervisor, Louisiana Department of Revenue, Policy Services Division, 617 N. Third Street, Baton Rouge, LA 70802, (225) 219-2780, spoke concerning tax on telecommunication services in the state as it relates to cellular phones in Louisiana.

Representative Stokes and Jeanine Theriot discussed the taxing of pharmaceuticals in the state. Representative Stokes stated that the information provided was great and was impressed with the work done to create the handout.

Jeanine Theriot presented a handout, entitled, "Sales Tax Streamlining and Modernization Commission, Local Parish Information, Audit Firms". (See Exhibit "L")

IV. OTHER BUSINESS

There was no other business.

V. ADJOURNMENT

The meeting was adjourned at 12:26 p.m.

Respectfully submitted,

Chairman Julie Stokes
Sales Tax Streamlining and Modernization Commission