

Sales Tax Streamlining and Modernization Commission

Minutes of Meeting
2016 Interim Session
August 30, 2016

I. CALL TO ORDER

Representative Julie Stokes, chairman of the Sales Tax Streamlining and Modernization Commission, called the meeting to order at 10:28 a.m., in Room 6, in the state capitol in Baton Rouge, Louisiana.

MEMBERS PRESENT:

Representative Julie Stokes, chairman
Senator Gary Smith for President Alario
Don Allison
Brandon Lagarde for Mr. Bob Angelico
Roger Bergeron
Steven Procopio for Mr. Jay Campbell
Jason DeCuir
Tina Folse
Will Green
Representative James H. "Jim" Morris, vice chairman
Kevin Richard for Secretary Kimberly Robinson
Dawn Starns
Jeanine Theriot
Mark West

MEMBERS ABSENT:

Rona Daigle
Scott Drenkard
Jessica Elliott
Dannie Garrett
Natalie Robottom

STAFF MEMBERS PRESENT:

Linda Hopkins, secretary

Elise Read, senior legislative analyst
Tina Vanichchagorn, attorney

III. ORDER OF BUSINESS

Representative Stokes opened the meeting with an overview of the day's discussion concerning sales tax exemptions and exclusions for agriculture, not-for-profit, and educational organizations. She explained that the subcommittee met earlier that morning to figure out a coordinated audit policy.

Present to provide information only were Commissioner Mike Strain, Louisiana Department of Agriculture and Forestry, no address given, (225) 922-1233, and Mr. Jim Monroe, Louisiana Farm Bureau, P. O. Box 95004, Baton Rouge, LA 70895, (225) 922-6202, who presented sales tax exemptions updated through Act 12 of the 2016 Second Extraordinary Session. (See Exhibit A and B) There was discussion concerning each agricultural sales tax exemption for Louisiana.

Representative Stokes offered a motion to retain exemptions for Items #110, #113, and #101, and to change Item #70 to an exemption. Without objection, the motion passed by a vote of 14 yeas and 0 nays. Representative Stokes, Senator Smith, Mr. Allison, Mr. Lagarde, Mr. Bergeron, Mr. Procopio, Ms. Folsie, Mr. Green, Mr. Richard, Representative Jim Morris, Mr. Purpera, Ms. Starnes, Ms. Theriot, and Mr. West voted yea.

Commissioner Strain continued his discussion as he talked about the distinction between taxed and non-taxed livestock pharmaceuticals. He also discussed other agricultural products.

Representative Stokes offered a motion to retain as exclusions, Items #35 and #91, and change Item #96 to an exemption. Without objection, the motion passed by a vote of 14 yeas and 0 nays. Representative Stokes, Senator Smith, Mr. Allison, Mr. Lagarde, Mr. Bergeron, Mr. Procopio, Ms. Folsie, Mr. Green, Mr. Richard, Representative Jim Morris, Mr. Purpera, Ms. Starnes, Ms. Theriot, and Mr. West voted yea.

Commissioner Strain further explained that Louisiana agriculture is a \$13,000,000,000 industry with a total of \$8.3 billion in foreign exports. With the one cent penny tax, \$133,000,000 is taken out of the farmers' profitability.

Commissioner Strain offered the possibility of forming a subcommittee of this Commission to develop solutions for exclusions that remain. The subcommittee would report back to the Commission by November 15, 2016.

Representative Stokes offered a motion to form a subcommittee of the Commission to develop a solution to the enumerated exemption Items #92, #93, #135, #158, #57, #130, #128, #129, #95, and #94 by November 15, 2016. Without objection, the motion passed by a vote of 14 yeas and 0 nays. Representative Stokes, Senator Smith, Mr. Allison, Mr. Lagarde, Mr. Bergeron, Mr. Procopio, Ms.

Folse, Mr. Green, Mr. Richard, Representative Jim Morris, Mr. Purpera, Ms. Starnes, Ms. Theriot, and Mr. West voted yea.

Representative Stokes began the educational portion of the meeting by a distribution of handouts for "Sales Tax Exemptions - Education", which was updated through Act 12 of the 2016 Second Extraordinary Session. (See Exhibits C and D)

Present to provide information only were Ms. Mary Anne Coleman, Louisiana Association of Independent Colleges and Universities, 320 Third Street, Baton Rouge, LA 70801, (225) 389-9885, and Mr. Tommy Screen, executive director, Loyola University (no address or phone number given).

There was a question and answer session concerning the educational items listed on the handouts. All higher educational institutions are taxed locally as this was done in 1990 to prevent the impact on the city of New Orleans. The La. Association of Independent Colleges and Universities pay local tax only; they do not pay sales and use tax. Representative Stokes said that there is a reason for complying with sales tax on the people who are trying to do business here, and they are better served when given an exemption. She suggested we should keep it a relatively small number of payers which is a way to reach a resolution of this item without further discord among local governments. The base is different, and it is market place fairness issue.

The meeting adjourned at 12:36 p.m., and reconvened at 1:34 p.m.

Representative Stokes reconvened the meeting by distributing "Not-For-Profit" handouts related to the next portion of the meeting. (See Exhibits E and F) She commented on relating it to business, with a focus on the not-for-profit sales tax exemptions, exclusions, and statutes, and cited consumers evading sales tax for items purchased on the internet. She further discussed marketplace value and it's parody by growing internet sales, which have eroded our growth of sales tax. Merchandisers are selling to an entire nation and sales tax is not paid on items.

Present to speak for information only was Ms. Emily Toller, attorney, special policy division, Dept. of Revenue, 617 North Third Street, Baton Rouge, LA 70802, (225) 219-2750.

Representative Stokes offered a motion to adopt the disposition cited in the preliminary consideration column of the "Not for Profit" spreadsheet for Items #27, #28, #37, #59.1, #106, #160, #166, #165, #155, and #120. Without objection, the motion passed by a vote of 14 yeas and 0 nays. Representative Stokes, Senator Smith, Mr. Allison, Mr. Lagarde, Mr. Bergeron, Mr. Procopio, Ms. Folse, Mr. Green, Mr. Richard, Representative Jim Morris, Mr. Purpera, Ms. Starnes, Ms. Theriot, and Mr. West voted yea.

IV. OTHER BUSINESS

There was no other business.

V. ADJOURNMENT

Ms. Theriot offered a motion to adjourn. The meeting was adjourned at 3:27 p.m.

Respectfully submitted,

Representative Julie Stokes, chairman
Sales Tax Streamlining and Modernization Commission