

House Committee on Ways and Means

Minutes of Meeting
2020 Regular Session
March 16, 2020

I. CALL TO ORDER

Representative Stuart J. Bishop, chairman of the House Committee on Ways and Means, called the meeting to order at 9:28 a.m. in Room 6, in the state capitol in Baton Rouge, Louisiana.

II. ROLL CALL

MEMBERS PRESENT:

Representative Stuart J. Bishop, chairman
Representative Gerald "Beau" Beaulieu, IV
Representative Ryan Bourriaque
Representative Marcus Anthony Bryant
Representative Rhonda Gaye Butler
Representative Les Farnum
Representative Jason Hughes
Representative Barry Ivey
Representative Jeremy S. LaCombe
Representative Wayne McMahan
Representative Buddy Mincey, Jr.
Representative Tammy T. Phelps
Representative Neil Riser
Representative John M. Stefanski, vice chairman
Representative Matthew Willard
Representative Malinda B. White
Representative Mark Wright

MEMBERS ABSENT:

None

STAFF MEMBERS PRESENT:

Brittany Lea, committee administrative assistant
Linda Hopkins, executive assistant
Alison Pryor, senior attorney
Catherine Zeringue, attorney

Claire Vermaelen, capital outlay specialist

ADDITIONAL ATTENDEES PRESENT:

Ms. Janet Anthony, sergeant at arms

Mr. Anthony Danna, sergeant at arms

III. DISCUSSION OF LEGISLATION

IV. OTHER BUSINESS

Presentation by Doug Lindholm, president and executive director of the Council on State Taxation, regarding Louisiana's tax structure and state tax policy

Mr. Doug L. Lindholm, president and executive director, Council on State Taxation (COST), 122 C Street NW, Suite 330, Washington, DC 20001, (202) 484-5212 presented a PowerPoint entitled "*Total State and Local Business Taxes: State-by-State Estimates for Fiscal Year 2018*", Exhibit A, which is included in the committee records. Mr. Lindholm discussed businesses paying their fair share of taxes, the money businesses received in benefits from the state, and the composition of Louisiana's state and local business taxes compared to other states. Mr. Lindholm further explained the *COST Scorecard on State Tax Appeals & Procedural Requirements*, the independent appeals and procedural requirements, how reporting federal corporate tax changes were reported, and the federal Treasury Offset Program's State Reciprocal Program.

Mr. Lindholm provided a handout entitled "*Testimony before the Louisiana House Ways and Means Committee, March 16, 2020*", Exhibit B, which is included in the committee records.

Representative Farnum and Mr. Lindholm discussed the disproportionality in property taxes and their values.

Representative Mincey and Mr. Lindholm discussed the three-legged stool model, which includes income and corporate, property, and sales taxes.

Representative Stefanski in the chair.

Representative Wright and Mr. Lindholm discussed how companies approach relocations from state to state.

Representative Mincey and Mr. Lindholm discussed the liabilities and withholdings employees are subject to on their first day of travel in the state. Mr. Lindholm explained that Louisiana's

participation in the federal Treasury Offset Program's State Reciprocal Program without adequate safeguards and hired aggressive third-party data analytics firms.

Representative Riser and Mr. Lindholm discussed the necessary taxes employers withhold whenever employees work in another state for 30 days or more. Representative Riser requested additional information on this topic to for committee member's consideration.

Representative Bishop in the chair.

Representative Beaulieu and Mr. Lindholm discussed personal income taxes for nonresident employees. Mr. Lindholm suggested the safeguards would be in place and enforced.

Representative Bryant and Mr. Lindholm discussed the administrative proceedings COST had developed to ensure due process. Mr. Lindholm acknowledged that currently there are only seven or eight states that participate in the program, Louisiana being one of them.

Representative Stefanski in the chair.

Mr. Lindholm provided an overview of the second part of his presentation "*The Best and Worst of State Sales Tax Systems: COST Scorecard on Sales Tax Simplification, Uniformity & the Exemption of Business Inputs*".

Representative Stefanski and Mr. Lindholm discussed incremental ways to improve centralized sales tax collections that would raise the F rating on the Louisiana scorecard.

Representative Riser and Mr. Lindholm discussed marketplace and third-party sellers.

Telephone Presentation by Jared Walczak, Director of State Tax Policy with the Center for State Tax Policy at the Tax Foundation, regarding Louisiana's state tax policy and tax competitiveness

Mr. Walczak, director of state tax policy, The Tax Foundation, 1325 G Street NW, Suite 950, Washington, DC 20005, (202) 464-6200, addressed the committee remotely and presented a PowerPoint entitled "*Enhancing Louisiana's Tax Competitiveness*", Exhibit C, which is included in the committee records.

Representative Stefanski requested materials on tax compliance rates to be provided to the committee.

Representative McMahan and Mr. Walczak discussed how other states adapted their sales tax structure to conform to the *Wayfair* decision.

Representative Stefanski and Mr. Walczak discussed Arizona's sales tax structure.

Representative Wright and Mr. Walczak discussed capital stock tax inventory and large capital intensive investments.

Mr. Walczak moved to the topics of state top income tax rates and federal deductibility.

There were no additional questions from the members.

Representative Beaulieu offered a motion to adjourn. Without objection, the motion passed by a vote of 17 yeas and 0 nays. Representatives Bishop, Beaulieu, Bourriaque, Bryant, Butler, Farnum, Hughes, Ivey, LaCombe, McMahan, Mincey, Phelps, Riser, Stefanski, White, Willard, and Wright voted yea.

V. ANNOUNCEMENTS

Representative Stefanski announced that lunch will be provided in the Senate dining hall following the meeting.

VI. ADJOURNMENT

The meeting was adjourned at 11:38 a.m.

Respectfully submitted,

Chairman Stuart J. Bishop
House Committee on Ways and Means