

Regular Session, 2012

HOUSE RESOLUTION NO. 106

BY REPRESENTATIVE HARRISON

A RESOLUTION

To authorize and request the state treasurer to coordinate with various state agencies the identification and classification of all statutory dedications, to determine the amount of revenue lost or diverted due to such dedications and all tax exemptions, to gather performance measurers on all nongovernmental entities receiving revenue pursuant to a statutory dedication, to gather economic impact indicators on such tax exemptions, and to provide a report and recommendations to the Louisiana Legislature.

WHEREAS, like other states, the state of Louisiana continues to experience a reduction in revenue; and

WHEREAS, for Fiscal Year 2011-2012 the state has realized an additional \$219.8 million budget deficit in its \$25.590 billion budget, and for Fiscal Year 2012-2013, the Revenue Estimating conference has further estimated a revenue reduction of \$303.7 million in its \$25.529 billion budget; and

WHEREAS, the state of Louisiana has an estimated three hundred statutory dedications which redirect more than \$3.5 billion away from the state general fund; and

WHEREAS, not all revenue subject to statutory dedication is deposited and credited to the Bond Security and Redemption Fund in the Department of Treasury, thereby excluding such statutory dedications from being reported in the \$3.5 billion and further excludes them from possible reduction in times of economic hardship; and

WHEREAS, while not singling out any one industry, there is no one state entity which compiles or reports upon the millions of dollars generated by the gaming industry in this state and while this industry is highly regulated, there are statutory dedications which flow outside of the state treasury; hence, are never considered when across-the-board budget cuts affect other statutory dedications equally as worthy of funding; and

WHEREAS, once enacted, statutory dedications are seldom reviewed by the legislature, so the need for such dedications continue indefinitely and unchecked; and

WHEREAS, all tax credits, deductions, exceptions, and exclusions (hereinafter tax exemptions) provide more than \$4.6 billion in tax breaks; and

WHEREAS, most if not all tax exemptions are comprehensively reported on by the Department of Revenue and for the Fiscal Year 2011-2012, the more than \$4.6 billion of tax exemptions are classified as follows: \$1.4 billion in sales tax (34.3% of percentage of tax loss), \$1.2 billion in individual income (32.1% of percentage of tax loss), \$1.5 billion in corporate income (88.1% of percentage of tax loss), \$445 million in severance tax (36.1% of percentage of tax loss), \$11 million in petroleum product (1.8% of percentage of tax loss), and \$8 million in corporate franchise (10.8% of percentage of tax loss); and

WHEREAS, like statutory dedications, once enacted, tax exemptions are seldom reviewed by the legislature, so the need or economic return on these tax exemptions go unchecked; and

WHEREAS, various state entities such as the Department of Economic Development, Department of Revenue, the Department of Treasury, the Gaming Enforcement Division of the Louisiana State Police, the Louisiana Gaming Control Board, and other state entities have valuable information regarding statutory dedications and tax exemptions.

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby urge and request the state treasurer to coordinate the identification and classification of all statutory dedications and tax exemptions, to determine the amount of revenue lost or diverted due to such dedications and exemptions, to gather performance indicators on all nongovernmental entities receiving revenue pursuant to statutory dedications, and to gather economic impact indicators on such tax exemptions, and to make recommendations to the Louisiana Legislature.

BE IT FURTHER RESOLVED that all state entities fully cooperate with the state treasurer in the identification of all statutory dedications of revenue generated by any industry under their respective jurisdiction and the identification and classification of any tax exemptions inuring to the benefit of any entity or industry under their respective

jurisdiction and to assist in the collection of performance and economic indicators resulting from these dedications and exemptions.

BE IT FURTHER RESOLVED that the state treasurer is urged to limit and prioritize his review to one or more classifications of statutory dedications or tax exemptions which can be suitably examined and reported upon to the legislature on or before February 1, 2013, and every other year thereafter to review other classifications of dedications for examination and reporting to the legislature on or before February first of such odd-numbered year until such time as all dedications and exemptions have been reviewed.

BE IT FURTHER RESOLVED that the state treasurer shall thereafter develop a schedule for the continuous review of all existing and future statutory dedications and tax exemptions.

BE IT FURTHER RESOLVED that a suitable copy of this Resolution be transmitted to the state treasurer.

SPEAKER OF THE HOUSE OF REPRESENTATIVES