

Looming deficits don't deter tax cut proposals

More than 200 bills give, expand tax breaks

Tuesday, April 21, 2009

By Bill Barrow, Staff writer

Many state lawmakers have expressed dismay over Gov. Bobby Jindal's slimmed-down budget proposal for next year, particularly steep cuts looming for health care and higher education.

Projected shortfalls in future years are more horrifying, a scenario that House Speaker Jim Tucker said carries a "shock factor that hasn't sunk in yet."

Despite that bleak financial landscape, legislators have proposed more than 200 bills to expand existing tax breaks or create new ones, ranging from obscure deductions, targeted credits and sales tax exemptions for hurricane supplies to an outright repeal of all individual income taxes.

All the proposals would further reduce state revenue in succeeding years, some by hundreds of millions of dollars. Only House Speaker Pro Tem Karen Carter Peterson, D-New Orleans, is clamoring to raise state revenue via higher tobacco tax rates.

That philosophical bent is not new in a state whose list of tax breaks totals \$4.3 billion for fiscal 2009, equivalent to 44 percent of state general fund allocations, according to the Department of Revenue. The Legislature in recent years inflated that number with bipartisan votes for rollbacks, capped last year by business and income tax code changes that returned more than \$360 million from the state treasury to filers.

--- 'I think it's crazy' ---

Given the fiscal prognosis this year, the trend raises eyebrows in some political circles, and it adds another layer of intrigue as the Legislature convenes Monday for a regular session seemingly far removed from recent debates over how to prioritize new spending and distribute year-end surpluses.

At the Public Affairs Research Council of Louisiana, President Jim Brandt said the flurry of tax cut proposals "is certainly not grounded in reality." The forecast, he said, "doesn't seem to deter them at all."

Senate President Joel Chaisson, D-Destrehan, chose hotter rhetoric. "I think it's crazy," he said.

Lt. Gov. Mitch Landrieu, the state's highest ranking Democrat, said the direction makes it difficult for Louisiana to have "an honest, civil debate about priorities." That's because tax breaks helped box in Jindal and the Legislature in the first place, Landrieu said.

"It is not intellectually honest to say we're here because of the national economy and oil prices," said Landrieu, a former legislator. "We are here because of past policy decisions of this governor, this Legislature, past governors, past Legislatures. It's worth it to ask whether those were the best decisions.

"What's it going to look like in three years?" Landrieu asked. "That's the big question. . . . We have a compelling need to ensure that our citizens can learn well and live well."

But none of the men would say that new breaks won't get strong consideration.

--- Jindal against tax increases ---

Jindal's statements are perhaps one reason.

The Republican governor repeated Monday that he will consider "fiscally responsible" cuts as long as they correspond with spending reductions.

More explicitly, Jindal flatly opposes tax increases as a way to ward off cuts, and he's proposed extending six existing corporate tax credits with pending expiration dates. He also regularly reminds recipients of his weekly political newsletter that he signed several tax cuts last year, headlined by the Stelly income tax rollback that he initially opposed.

That detail, which Jindal typically omits from his telling, is of particular note when considering this year's session, Brandt said, because it suggests that Jindal could again find himself unable to control the momentum of a popular bill.

House Speaker Tucker, R-Algiers, noted the Stelly repeal as a factor in the balance sheet. But, he said, "I haven't had one constituent tell me I made a bad vote."

Senate Revenue and Fiscal Affairs Chairman Sen. Rob Marionneau, D-Livonia, and House Ways and Means Chairman Hunter Greene, R-Baton Rouge, meanwhile, are sponsoring a litany of tax bills, including some of the governor's corporate income tax credit extensions.

Greene is among the most vocal tax cut advocates among House Republicans. Marionneaux last year won high-profile approval granting a partial tax deduction for private school tuition.

"My official mantra will be that we have to take each piece of legislation on its own merit," Marionneaux said. "Of course, you've got to consider them with the backdrop of the state's ability to afford them. (But) each of the bills, assuming the author wants to have them heard, will be heard."

--- Health insurance credits ---

Among the most popular ideas this year is granting some kind of breaks for health insurance premiums. Various bills call for either income tax credits or deductions for individuals or businesses. The most ambitious would cost \$244 million in its first year.

Resurrected from previous years are proposed income tax exemptions to specific groups, among them veterans; law enforcement officers and firefighters; and residents at least 65. Sen. Nick Gautreaux, D-Abbeville, proposes phasing out the individual income tax completely over 10 years, eventually draining more than \$2.8 billion from state coffers.

Carrying much smaller price tags are dozens of targeted income tax credits, which sponsors tout as ways to encourage specific behavior. Rep. Cedric Richmond, D-New Orleans, wants to attract more exporters to New Orleans' ailing port. Rep. Neil Abramson, D-New Orleans, wants to encourage new efforts to extract oil from old, unused fields. Both make a familiar argument for credits: They'll spur activity and pay for themselves.

Echoing Landrieu's sentiments, Sen. Ben Nevers, D-Bogalusa, lamented that lawmakers might miss a larger discussion.

"If we begin to dismantle our post-secondary education system, our pre K-12 system, we will never overcome the poverty levels we continue to face," Nevers said. "I will do everything I can to fight that."

Voting records portend an uphill battle. The Stelly rollback last year cleared the House 102-0. In the Senate, the count was 38-0, including a 'yea' vote from Nevers.

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