

# 2015 Regular Session of the Louisiana Legislature



House Legislative Services  
Louisiana House of  
Representatives  
July 7, 2015 (with vetoes)



# 2015 Regular Session, the numbers

- Session convened April 13, 2015
- Odd years are limited, “Fiscal” Sessions; legislators could file:
  - Unlimited number of fiscal bills
  - Unlimited number of local bills
  - But only 5 general bills
- Session adjourned June 11, 2015

**2015 was a limited,  
“Fiscal” Session**



- 1,132 Total Bills Filed:
  - 847 House Bills
  - 285 Senate Bills
- 838 Total Resolutions and Study Requests Filed
- Constitutional amendments
  - 67 constitutional amendments filed
  - 4 will be submitted to the voters

**House and Senate  
Instruments**



# Budgetary Shortfall for FY 2015-2016

In years past, the state has relied on non-recurring revenues which didn't materialize this year, resulting in a \$1B budget shortfall.

Rising costs and expenses resulted in a \$300M increase in the "Continuation Budget" of the state.

**Started with a \$1.6B  
Budgetary Shortfall**

There was also a \$300M revenue decline in the amount of money the state takes in due to a reduction in oil and gas prices.

Absent raising revenue, higher education and healthcare would have been hit the hardest.

# Reduced Expenses & Raised Revenue

**Governor proposed elimination of \$526M in refundable tax credits**

**Made \$451M in recurring cuts to state agencies**

**Saved \$145M by cuts to state agencies based on efficiency recommendations by A&M consultant**

**Used \$300M of Non-Recurring Revenues**

**Did not fund \$160M of certain continuation items**

**Recognized an additional \$79.3M based on an increase in general fund forecast**



# Additional Needs



**The legislature identified \$327M in needs not funded by the governor including:**

\$54M for Hospitals

\$53M for Hospital Legacy Costs

\$31M for LSU Health Science Center Shreveport Operational Shortfall

\$50M for MFP which Funds K-12 Public Education

\$75M for General Government (museums, parks, agriculture & forestry, Pennington, etc.)

\$63M for Debt Service Shortfall



# Revenue Adjustments, I

## HB 629 Reduces Certain Income and Corporate Franchise Tax Credits and Incentives by 28% (\$34.2M)

- Income and corporate franchise tax credits reduced by 28% include citizens assessment credit, education credit, new jobs credit, milk producers credit, among others.
- Tax incentive credits reduced by 28% include live music and theater productions, sound recording, brownfields, technology commercialization, green jobs credit, and others.
- The maximum alternative fuel credit for new vehicles is reduced by 50% to \$1,500.
- Sunset in 3 years.

## HB 624 Reduces Certain Corporate Exclusions and Deductions by 28% (\$121M)

- Affected exclusions and deductions include public transportation corporations, oil and gas well allowance for depletion, net operating losses, corporate income tax refunds, dividends from banking corporations, certain expenses disallowed for federal taxation, dividend income, and hurricane recovery benefits. Sunsets in 3 years.

## HB 635 Reduces Certain Rebate Program Incentives by 20% and Limits Enterprise Zones (\$9.4M)

- Affected rebates include the Mega-Project Energy Assistance, Quality Jobs Program, Headquarters Relocation, and Competitive Projects Payroll. Sunsets in 3 years.
- Establishes limits on the enterprise zone tax credit program by banning restaurants and retail outlets from qualifying for the rebate and credit.



# Revenue Adjustments, II

## HCR 8 Suspends Utility Tax Break by 1¢ (\$107M)

- Suspends for 16 months 1¢ of sales tax exemption that businesses receive on utility bills.

## HB 805 Reduces Inventory Tax Refunds by 25% (\$130M)

- Companies that pay more than \$10,000 in inventory taxes to local governments will be able to receive 75% of the excess amount of their credits in the form of a refund and carry-forward the remaining 25% of their credit against future tax liability for 5 years.
- Those who pay \$10,000 or less in inventory taxes each year still receive the full refund.
- Makes the tax credit for research and development 100% non-refundable.

## HB 218 Eliminates NOL Carry-Backs (\$29M)

- Eliminates net operating loss carry-back on corporate taxes but allows greater flexibility to apply such losses in future years.

## HB 549 Reduces Severance Tax Credits (\$0M)

- Scales back tax breaks for drilling horizontal and deep oil and gas wells once the oil price reaches \$70 barrel or the gas price reaches \$4.50 per million BTU.



# Revenue Adjustments, III

## HB 402 Rids Out-of-State Income Tax Credits (\$34M)

- Refines eligibility for and limits the amount of the income tax credit Eliminates income tax credits for Louisiana residents who pay taxes to other states.

## HB 779 Changes Solar Tax Credits (\$19M)

- Reduces the value of the credit, limits the annual state payout for credits for both purchased and leased systems to \$10M each, and excludes eligibility for a system financed by a solar contractor or installer.

## HB 833 and HB 445 Impose Additional Auto Title Fees

- HB 833 imposes a fee increase, from \$18 to \$68.50, on motor vehicle title certificates payable upon purchasing or selling a new or used vehicle (\$59.8M) and HB 445 increases the fee for the recordation of that title certificate (\$59.8M).

## HB 555 Tries to Capture Online Sales Taxes

- HB 555 requires online retailers, such as Amazon, to collect use taxes on purchases made by Louisiana residents from a remote seller; however, the enforceability of this provision is uncertain.





# Revenue Adjustments: Motion Pictures

## History of Program

- The Louisiana Motion Picture Investor Tax Credit program grants credits to cover 30-35% of production expenses. In 2003, the program cost \$40M; last year, \$226M.
- According to state numbers, the program costs \$4.48 for every \$1 of state revenue it creates; however, others argue there are other benefits to the state and local communities, including a standard of living for the industry's 15,000 employees.

## Tax Credit Changes (\$77M)

- HB 829 provides an annual cap of \$180M for the next 3 fiscal years. No one project can receive more than \$30M during those 3 years.
- Adds additional credits for “indigenous” provisions aimed at benefitting Louisiana filmmakers in an attempt to “create our own industry using our own citizens” says author Rep. Joel Robideaux.
- Suspends the state buy-back authorization for one year beginning July 1, 2015.

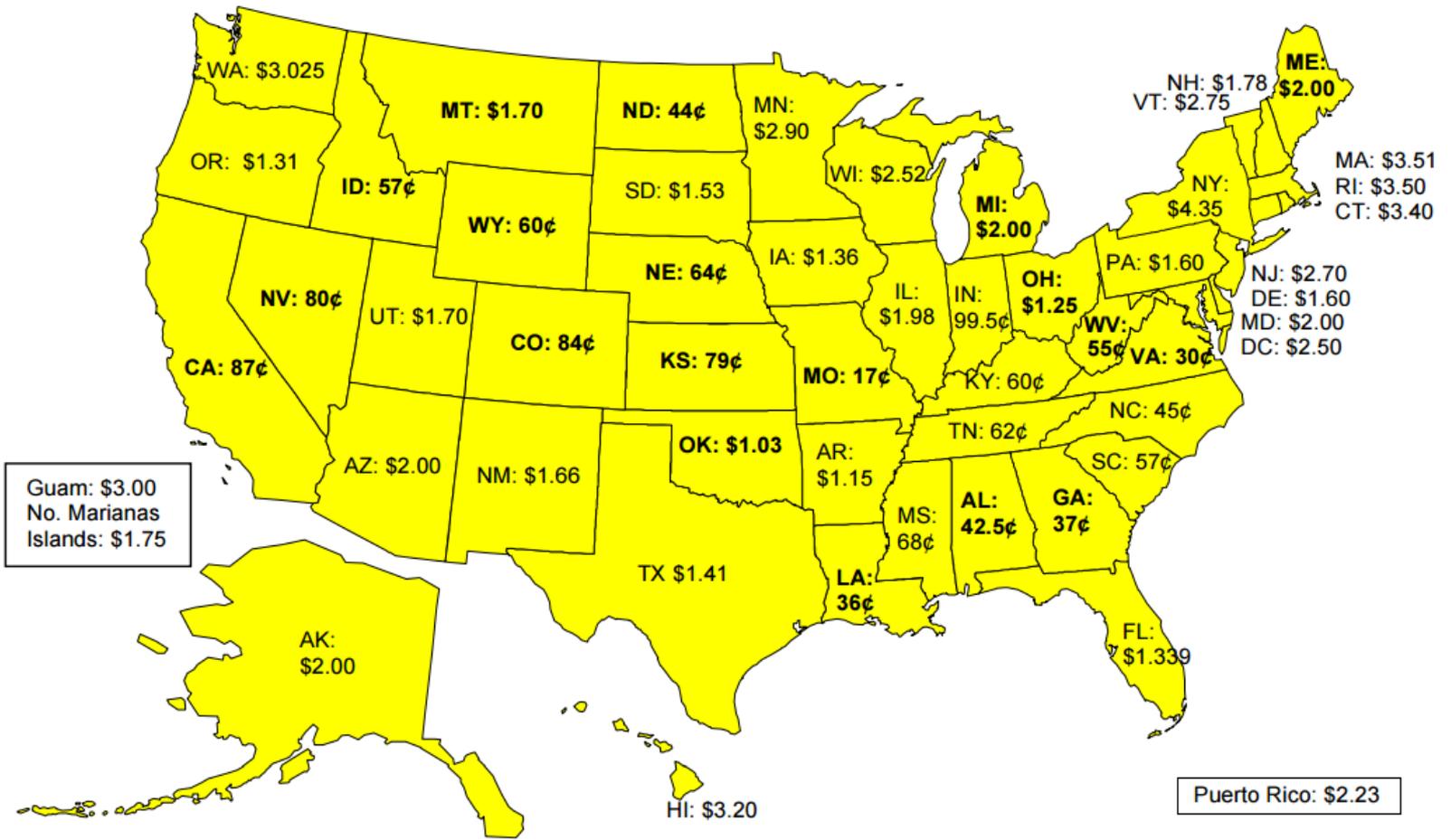
## Other Changes

- HB 604 requires the state to select independent accounting firms to audit expenditures eligible for tax credits, instead of the industries own accounting firms.
- Additional changes include: verification of residency; restrictions on eligible expenses; recapture of fraudulently obtained credits; protection of innocent taxpayers who purchase credits; addition of ‘video on demand’; and payment of state income tax by movie stars, SBs 98, 100, 101, 102, 103, 105, 106; HBs 735, 748.



# Revenue Adjustments: Cigarettes

HB 119 increases the cigarette tax by 50¢ ~ from 36¢ to 86¢ ~ which moves Louisiana from the 3<sup>rd</sup> lowest to the 35<sup>th</sup> highest cigarette tax rate; adds vapors and e-cigarettes at 5¢ per milliliter of consumable nicotine solution; dedicated to Medicaid-match fund (\$106M).



# Revenue Neutrality



*Image courtesy of Jeremy Alford, LaPolitics*

## No Tax Pledge

The Governor's office indicated he would not sign any "increase in a tax rate or reduction in credits or deductions not offset by a corresponding tax cut".

## SAVE "offset"

- In an effort to stave off further cuts to higher education, the House agreed to the SAVE tax credit which imposes an assessment on college students which, instead of requiring the student to pay the assessment, provides for payment indirectly by the state through the grant of a tax credit to higher education in the amount of the total assessment.

# A Balanced State Budget for FY 2015-2016

## Appropriation Bills



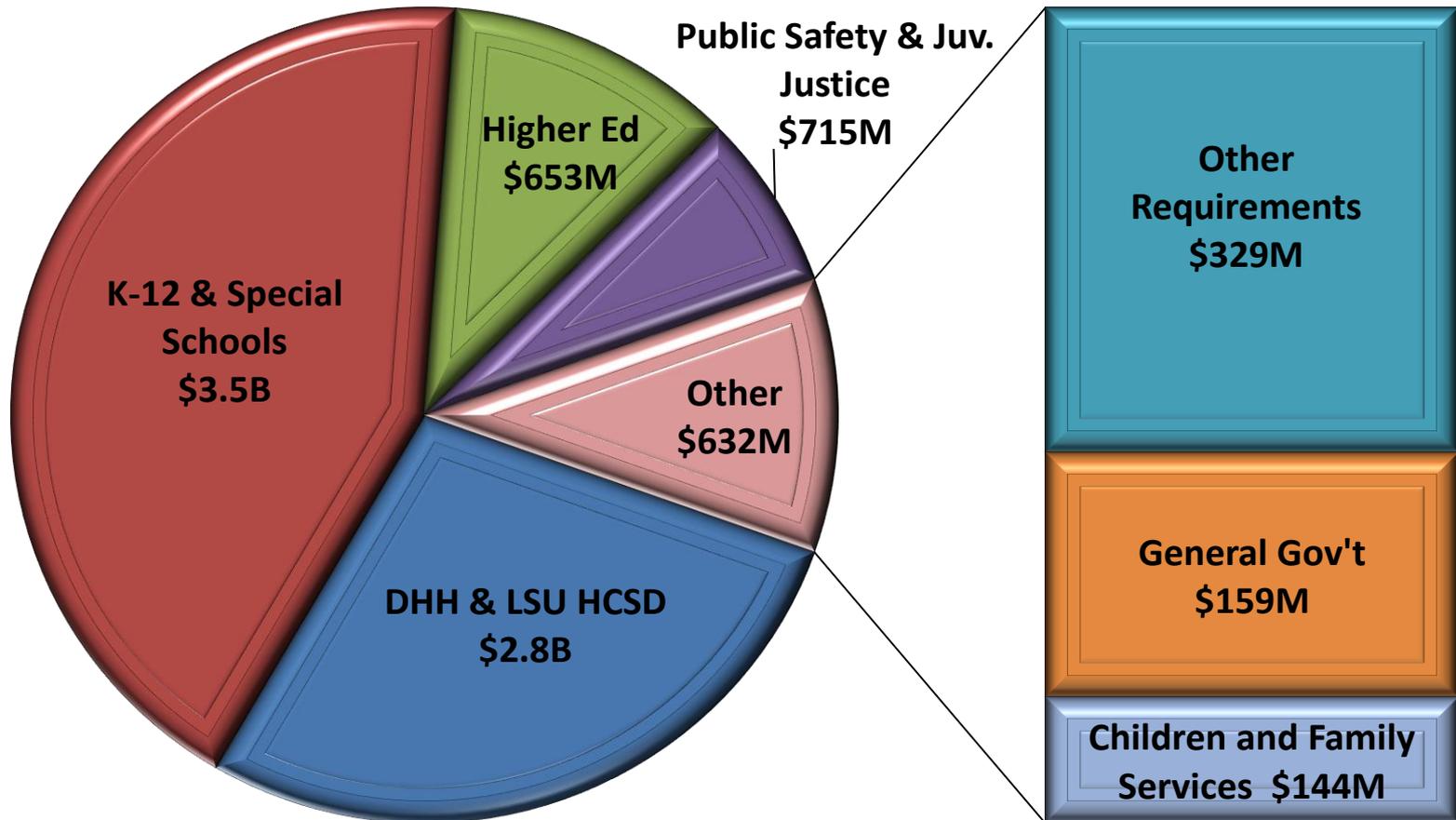
- The General Appropriation Bill, HB 1 by Rep. Jim Fannin, contains \$24.4B for the ordinary operating expenditures of the executive branch for FY 15-16; a 2.4% decrease.
- When added to all other forms, including appropriations for the operation of the judiciary and legislature, money judgments, and ancillary funding, the total amount of appropriations for FY 15-16 is \$28.5B.

## \$24.4B General Appropriations

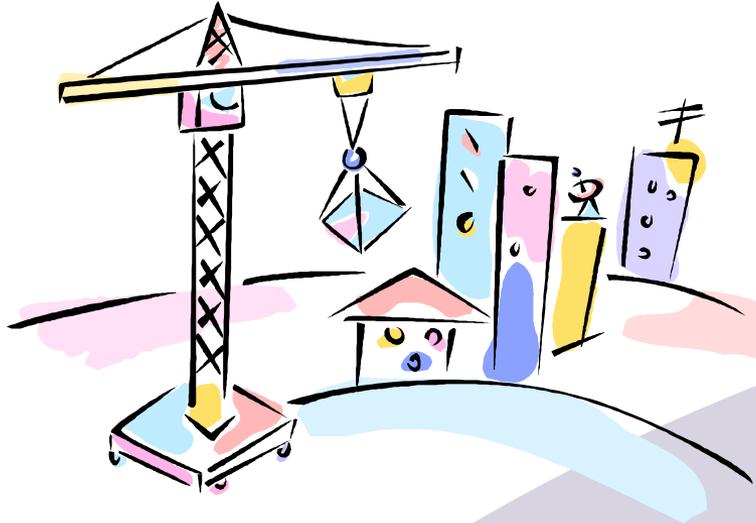


- \$9.7B in federal funds
- \$8.3B in state general funds
- \$1.2B interagency transfers
- \$2.2B in fees and self-generated revenues
- \$3.0B in statutory dedications

# State General Fund (SGF) Allocation, HB 1



# \$ 5 Billion State Capital Construction Budget



**Priority 1 –**  
Reauthorization of existing projects; eligible for a cash line of credit: \$1.43B

**Priority 2 -**  
Proposed new funding for projects; eligible for a cash line of credit: \$391M

**Priority 5 -** Both proposed new funding and re-authorizations of existing funding for projects; eligible for a non-cash line of credit: \$2.08B

## ***Over Loaded***

The state has capacity to borrow \$370M for the next year but HB 2 contains \$747M in projects – almost \$377M more in projects than dollars available - which allows the governor to pick and choose which projects go forward

## State's Consulting Contracts

- HB 30 requires state contracts exceeding \$40,000 to be approved by the Joint Legislative Committee on the Budget with savings generated by the rejection of a contract being dedicated to higher education.

## Privatization Review Act

- HB 137 requires privatization contracts ~ those that take over a service previously provided by state government ~ which exceed \$5M be competitively bid, undergo cost analysis by the legislative auditor, and be approved by the legislature. However, this provision does not affect the 44 existing privatization contracts that exceed \$5M.

## Incentive Expenditures

- SB 222 requires the REC to establish an “incentive expenditures” forecast listing the amount of payments from and reductions of current tax collections granted by law and favoring various programs, industries, or entities such as the Louisiana Quality Jobs Act, the Corporate Headquarters Relocation Program, Motion Picture Investor Tax Credit, & more.

# Fiscal Controls



# Funding for K-12 Education

The Legislature approved a \$3.6B Minimum Foundation Program (MFP) that funds public elementary and secondary education. Although the Senate rejected BESE's proposed MFP resolution, the legislature appropriated an additional \$50.3M over that recommended by the governor – for a total \$84.8M increase over last year's funding.



There are approximately 690,000 students who attend Louisiana public schools in kindergarten through 12<sup>th</sup> grade. With all sources, including federal and local revenue, funding per student is in excess of \$12,000.

With respect to the voucher program, the legislature appropriated \$42M for the 2015-2016 school year, representing a standstill budget due to less growth than was originally anticipated.

# The Common Core Compromise



**HB 373** requires BESE over the course of the next year to hold public hearings in each of the state's six congressional districts to allow citizens input into academic standards, and provides for legislative and gubernatorial review of any changes to those standards.

**SB 43** provides that when changes to the standards are submitted to the House and Senate Committees on Education and the governor for their review, they can only accept or reject the standards as a single package.

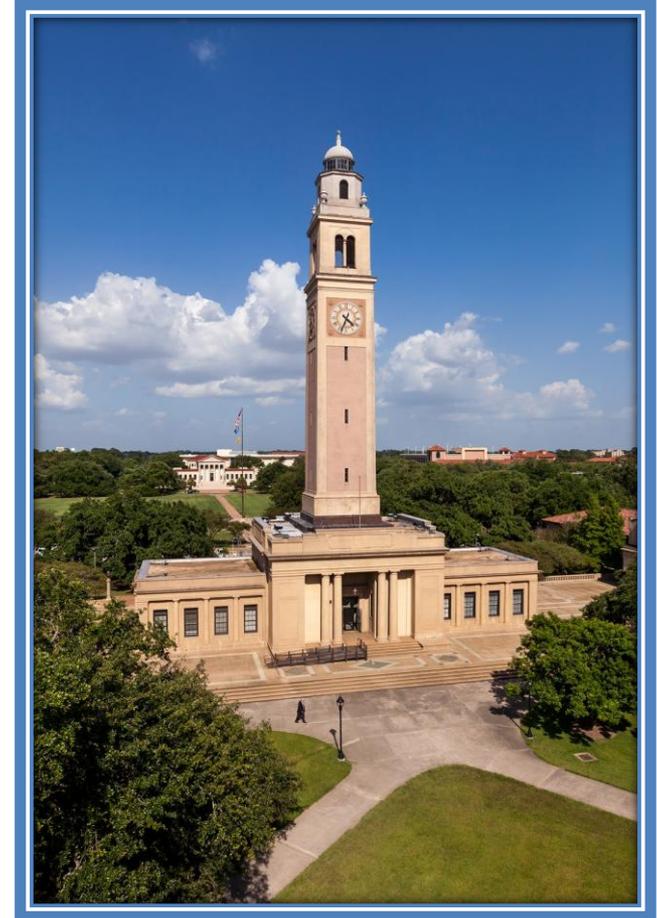
**HB 542** changes educational standards testing plans for the 2015-2016 school year by limiting to less than 50% the use of standardized testing questions from a multi-state consortium, like PARCC.

# College Tuition and Other Autonomies

Several measures were filed that would have granted management boards of the state's public colleges and universities the ability to raise tuition and fees or, at a minimum, would have reduced from 2/3 to simple majority the vote needed by the legislature for tuition and fee increases. None of them passed.

HB 152 authorizes management boards of public colleges and universities, for the upcoming two years, to increase fees, including per credit and differential fees, notwithstanding existing academic bench mark requirements under the GRAD Act. Requires each institution to allocate not less than 5% of such increased fees to provide need-based financial assistance to students eligible to receive a Pell Grant.

HB 766, for the next 5 years, grants public colleges greater authority over travel arrangements, technology purchases, and some contracts if the school has a clean financial audit. Previously, such operational autonomy was conditioned on the school hitting academic bench marks under the GRAD Act.



# Taylor Opportunity Program for Students (TOPS)



SB 48 limits TOPS by eliminating automatic increases in the amount of the award to cover an increase in tuition. Instead, the law locks in the current rate of the TOPS award and requires legislative approval for future increases.



Beginning in 1989 as the Tuition Assistance Program (TAPS), the program was renamed in honor of Patrick Taylor and the income requirement was eliminated.

TOPS has paid for more than 212,000 students to attend college at a cost of \$1.76B. The annual cost of TOPS has grown from an initial cost of \$54.5M to \$250M.

HB 705 provides a major but technical rewrite of the TOPS law in an effort to better structure the law and provide parents and students the ability to more easily understand TOPS requirements.

# Uninsured Medical Patients



None of the instruments mandating expansion of Medicaid in accordance with the Affordable Care Act made it through the legislature.



However, HCR 75 allows Louisiana's hospitals to self-assess fees to draw down more federal dollars for uncompensated care of uninsured patients, provided the state agrees to expand Medicaid eligibility to potentially 230,000 individuals in the financial "gap" (a family of three making about \$26,700). Could potentially save the state \$100 to \$200M.



# Individuals with Exceptionalities

## Deaf Child's Bill of Rights

- SB 58 converts the Deaf Child's Bill of Rights from a set of aspirational statements to a set of directives to public schools. Applicable to children who are deaf, hard of hearing, or deaf-blind.

## Charter School Acceptance

- SB 267 requires charter schools to enroll students with exceptionalities, proportionally to those enrolled in the local public school district, and requires allocation of funding accordingly.

## Child Support Continuation

- Extends child support beyond the age of 22 for children with intellectual or physical disabilities who are unable to care for themselves.

## Tax Deductions

- HB 508 authorizes an income tax deduction for taxpayers who employ certain individuals with developmental disabilities.

# Louisiana's Safe Haven Law



## Safe Haven Law

Allows a parent to anonymously relinquish a child up to 60 days old.

Safe haven sites include fire stations and hospitals.

Since its enactment over 10 years ago, 33 children have been relinquished.

HB 603 raises public awareness through social media and other outlets.



# Medical Marijuana

## Alison Neustrom Act

- In 1991, the legislature legalized the use of marijuana for medical purposes; however, there was no means to dispense it. SB 143 provides that missing link by authorizing:
- LSU or Southern University Agricultural Centers or if both universities decline, one growing site as determined by the Louisiana Department of Agriculture.
- Presently limited to patients suffering from glaucoma, spastic quadriplegia, and those undergoing chemotherapy; however, additional medical conditions can be added by the legislature upon recommendation of the Board of Medical Examiners.
- Ten dispensary sites, established at existing pharmacies, as regulated by the Board of Pharmacy.
- The medical marijuana can only be dispensed in non-smoking form.

# Reduced Sentences for Possession of Marijuana

## Possession of Minimal Amount of Marijuana

Possession of under 14 grams (1/2 ounce) results in up to 15 days in jail

Possession greater than 14 grams results in up to 6 mo. in jail

**HB 149**

## Second Offense Possession

Reduced from a felony to a misdemeanor; sentence of no more than 6 mo. in jail (previously up to 8 years)

If first offense occurred more than 2 years ago, second offense is treated as first offense

## Subsequent Offense Possession

Remains a felony offense

Maximum jail time for 3<sup>rd</sup> offense is reduced from 20 to 2 years

Maximum jail time for 4<sup>th</sup> and subsequent offense is reduced from 20 to 8 years

# Detecting Drug Use



## Hair Testing of Job Applicants

- HB 379 allows employers to use hair samples to drug test potential employees. The existing method of testing urine only detects drug use within the last couple of days whereas the use of a hair sample detects drug use within the last 90 days.

## “Lay Use” of Naloxone



- HB 210 makes the life-saving drug naloxone more accessible to individuals, such as family members and friends, to administer to those overdosing on heroin.
- For several years, naloxone has been used by emergency medical personnel and other first responders to “reverse” heroin overdoses.
- As of 2010, the CDC reported that lay-distributed naloxone had prevented more than 10,000 overdoses deaths nationwide since 1996.

# Enhancements to Domestic Violence Laws



## Victims

- Protects family members against domestic abuse battery and aggravated assault (HB 842).
- Adds “dating partner” as possible victim under the Domestic Abuse Assistance Act (HB 722).

## Threats

- Expands crime of stalking to include written threats (HB 842).
- Requires a court to consider past history or threats of abuse in determining the level of danger during a proceeding for a temporary restraining order (HB 722).

## Protective Orders

- Authorizes the issuance of a protective order to cease the *threat* of domestic abuse (HB 722).
- Increases maximum terms of imprisonment and mandatory minimums for violating a protective order (HB 842).
- Creates sexual assault protective orders, akin to domestic violence protective orders (SB 36).

## Expungement of Records

- Prohibits the expungement of records of all misdemeanor and felony convictions of domestic abuse battery (SB 27).

# Sex Offenses

## First, Second, and Third Degree Rape

- In an effort to recognize gravity of the crime, changes the term “simple rape” to “third degree rape” and makes similar changes for aggravated and forcible rape to “first degree” and “second degree” rape (HB 139 and SB 117).
- With regard to third degree rape, enhances the penalties to require the term of imprisonment be served at hard labor (SB 117).

## Sexual Battery

- As to the crime of sexual battery, provides that the prohibited touching can occur directly or through clothing (SB 117).
- Creates the lesser sex offense of the crime “misdemeanor sexual battery” with reduced penalties and without the requirement to register as a sex offender (SB 117).

## Revenge Porn

- Outlaws “revenge porn” which is the vindictive disclosure of sexually explicit photos of another without his or her consent (HB 489).

## Campus Sex Crimes

- Creates the Campus Accountability and Safety Act which requires colleges to work with local police to investigate sexual crimes and establish uniform reporting policies (SB 255).

# Additional Assistance for Crime Victims



## Cost of Rape Exams

- HB 835 requires medical bills for the treatment of rape victims and testing of rape kits be sent to the Crime Victims Reparations (CVR) Board instead of the victim for payment. Unclaimed gambling winnings will be dedicated to the CVR Board to assist with the payments as provided in HB 143.



## Housing Laws for Abuse Victims

- SB 174 aims to prevent housing discrimination by prohibiting the eviction of victims of domestic abuse solely because they are victims, denying housing because of their history of being victims, and allowing them to terminate a lease early in order to get away from an abuser.



## Family Justice Centers

- HB 368 provides for the creation of local “family justice centers” in all judicial districts in order to provide multi-disciplinary support and services to victims of domestic abuse, sexual assault, stalking, cyber-bullying, and human trafficking, and the abused elderly.

# State Government



**Limitations on Shielding Records** - SB 190 makes records of the next governor more available to the public by eliminating the “deliberative process exception”, providing specifically that records of the office of the governor are public records. However, provides a privilege from disclosure for a specified period of time for certain intraoffice communications with internal staff and records involving scheduling.



**Religious Freedom** - While the “Religious Freedom Bill” did not win legislative approval (HB 707), the Governor issued an executive order to “prevent the state from discriminating against persons with deeply held religious beliefs that marriage is between one man and one woman”.



**COLA for Retirees** - HB 42 provides a 1.5% cost-of-living (COLA) increase for approximately 100,000 retired state employees and school teachers which, on average, will be less than \$30 mo. increase. Also provides for up to 2% COLA for school employees and state police.



# License Plate Readers

## Statewide Pilot Program

SB 250 creates the “Statewide Motor Vehicle Theft and Uninsured Motorists Identification Program”.

Allows the use of license plate readers in various parishes, stated to be Allen, Avoyelles, Bossier, Calcasieu, Iberville, Plaquemines, Terrebonne, and Webster Parishes.

Purpose is to catch uninsured motorists, find stolen cars, investigate homicides, kidnappings, and burglaries, and assist during Amber and Blue Alerts.

However, readers cannot be used to enforce civil traffic citations, and this pilot program terminates on January 1, 2021.

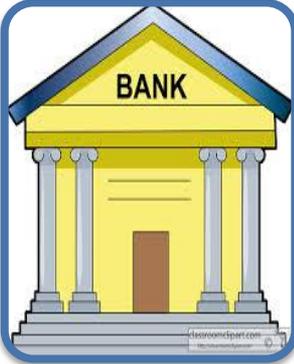


# Transportation Funding



## Immediate Funding for Transportation Projects

SB 122 increases the amount of mineral revenues that may be used to support the state operating budget, freeing up additional monies for transportation projects to address the \$12B backlog of road and bridge projects in an expedited manner provided by SB 221. More specifically, SB 221 swaps a \$400M infusion of motor vehicle sales tax revenues projected to occur in 2020 in exchange for a \$100M infusion in 2017-18. The first \$70M would be earmarked for maintenance to immediately benefit the public. The remaining funds would be utilized for ports, capacity projects, and by the Louisiana Transportation Infrastructure.



## Louisiana Transportation Infrastructure Bank

HB 767 creates the Louisiana Transportation Infrastructure Bank in the Dept. of Treasury to make loans to local governments, ports, airport, and ferry and transit authorities for eligible transportation projects through a revolving loan fund. HB 618, a constitutional amendment, would also allow the treasurer to invest other public funds in this entity.



## Community Gardens

# Food Deserts

- HB 761 authorizes local governing authorities to create agricultural incentive zones allowing blighted or underutilized property, if used as community gardens, to be assessed at the lower property tax rate established for agricultural property instead of the rate applicable to residential or commercial property.

# Sportsman's Paradise

## Oysters and Crabs

- HB 579 increases the rental rates for oyster leases from \$2 to \$3 per acre of water bottom. According to the legislative auditor, there are 402,579 acres of water bottoms privately leased in Louisiana and 666,457 acres of unleased, moratorium locked, state-owned water bottoms.
- HB 198 increases fees for participation in the commercial crab fishery by \$20 and dedicates funds to the derelict crab trap removal program and crab promotion and marketing account.



## Hunting

- Several bills attempting to control the proliferation of wild hogs were filed but failed to garner support for passage; however, SB 212 allows a hunter to carry a firearm while bow hunting, in part, for protection from feral hogs.

# Turtle Excluder Devices

**In 1987, the federal government passed a law requiring all boats shrimping in federal waters to use turtle-excluder devices (TEDS), in response to which the state passed a law prohibiting state Wildlife & Fisheries agents from enforcing the federal law.**



**Recently, a national seafood 'watch' program cast a negative recommendation on shrimp from Louisiana prompting large retailers such as Wal-Mart and Costco to boycott Louisiana shrimp.**

**At the request of the Louisiana Shrimp Task Force, HB 668 repeals the 1987 prohibition thereby allowing wildlife agents to enforce federal law requiring the use of TEDS by shrimpers; hence, ending the boycott of Louisiana shrimp.**



# Of Interest



HB 79 removes the labeling requirement for home-produced raw honey, and clarifies provisions of the cottage food law on sellers registering to collect sales taxes.



HB 233 authorizes the operation of micro-distilleries or “craft” distilling thereby allowing these distilleries to produce up to 12,000 gallons of an alcoholic beverage.



HB 33 doubles fines for litter violations and applies the increases to the UAL of the retirement system of the law enforcement agency issuing the citation.



HB 298 allows the sale of fireworks starting on June 16<sup>th</sup>, rather than June 25<sup>th</sup>, thereby allowing consumers to purchase fireworks in celebration of Juneteenth.



# 2015 Constitutional Amendments on October 24, 2015 ballot



HB 360 specifies that the exemption from ad valorem taxation on public property is for property owned by this state or a political subdivision of this state.

HB 518 provides for matters which may be considered in a “limited”, regular session convening in odd-numbered years.

HB 618 authorizes public funds to be used to invest in a state infrastructure bank for eligible transportation projects.

SB 202 renames the Budget Stabilization Fund the “Budget and Transportation Stabilization Trust” and to provide for use of monies in the fund.