



Louisiana Department of Revenue  
*Office of the Secretary*  
**Kevin Richard, Deputy Secretary**

January 18, 2017  
Louisiana Society of Certified Public Accountants  
Practitioner Liaison Meeting

# The LDR Mission

To fairly and efficiently collect state tax revenue to fund public services; to regulate charitable gaming and the sale of alcoholic beverages and tobacco; and to support state agencies in the collection of overdue debts.

# Strategic Goals

- Improve the level of service provided to the citizens, businesses and stakeholders.
- Utilize processes that will increase operating effectiveness.
- Encourage compliance with state tax laws by reducing complexity.

# Agency Overview

- Tax Collection Program
- Office of Alcohol and Tobacco Control
- Office of Charitable Gaming
- Office of Debt Recovery

# LDR Leadership

- **Kimberly Lewis Robinson, Secretary of Revenue**
  - Press Secretary
    - Public Affairs
  - Internal Audit
- **Kevin Richard, Deputy Secretary**
  - Business Services
  - Office of Legal Affairs
    - Litigation
    - Policy Services

# LDR Leadership

- **Clarence Lymon, Undersecretary**
  - Office of Management and Finance
    - Revenue Processing Center
    - Budget and Financial Services
    - Human Resources
- **Velecial Rodman, Assistant Secretary – Group 1**
  - Collections
  - Customer Service
  - Business Tax Enforcement

# LDR Leadership

- **Danell Gerchow, Assistant Secretary – Group 2**
  - Agency Compliance
  - Criminal Investigations
  - Taxpayer Compliance – Income
  - Taxpayer Compliance – Sales, Severance, Excise, Withholding
  - Tax Administration

# LDR Leadership

- **Raymond “Jay” Frost, Assistant Secretary-Group 3**
  - Audit Intelligence
  - Audit Review & Appeals
  - Field Audit – Income Tax
  - Field Audit – Sales Tax
  - Field Audit – Excise Tax



# LDR Leadership

- **Juana Marine-Lombard, Commissioner**
  - Office of Alcohol and Tobacco Control
- **Michael Legendre, Director**
  - Office of Charitable Gaming
- **Jarrold Coniglio, Assistant Secretary**
  - Office of Debt Recovery

# Customer Service

- During the fiscal year that ended on June 30, 2016, LDR received an average of **65,997** taxpayer calls per month.
- The LDR Customer and Business Service Divisions answered over **709,000** calls from individual and business taxpayers and their representatives in FYE 2016.
- These divisions responded to over **35,000** email inquiries from taxpayers received during the same time period.

# Revenue Processing

- During the fiscal year that ended on June 30, 2016, the average time for processing paper returns was 7.89 days.
- For the same time period, the average deposit processing time was 4.49 days.

# Fraud Prevention

- In FYE 2016, LDR's Criminal Investigations Division (CID) prevented the loss of **13.9 million taxpayer dollars** through crimes of fraud.
- During the 2015-16 fiscal year, CID:
  - Completed 152 field visits;
  - Opened 923 files;
  - Made 14 arrests;
  - Collected \$944,000.78 in restitution; and
  - Collected \$47,503.00 as a result of criminal investigations.

# Litigation Caseload

- During Fiscal Year 2015-2016, the LDR Litigation Division resolved 1,291 cases.
  - The average age of these closed cases is 625 days.
- In the same reporting period, the Litigation Division reduced the number of cases over 5 years old to 2%.
- This division collected \$75 million in the 2015 tax amnesty program.

# 2016 Legislative Sessions

- LDR's Tax Administration Division provided the resources for over **176** fiscal notes in response to proposed legislation.
- The Tax Administration Division revised or developed over **100** tax forms as a result of the legislative sessions of 2016.
- LDR's Policy Services Division tracked 409 bills during the 2016 legislative sessions and provided policy guidance to members of the Louisiana Legislature and stakeholders for many of the 1,975 bills filed.
- The Policy Services Division released 43 Revenue Information Bulletins to provide guidance to Louisiana citizens and stakeholders.



HCR 11  
Task Force

# Sales Tax

1. **Reduce the state sales tax** to at least 4.0%
2. Eliminate certain exemptions from the sales tax base
3. **Expand** the sales tax **base** to include:
  - Services
  - Digital products
  - Non-residential utilities
4. **Include manufacturing machinery equipment** in the state sales tax base
5. Establish a **rebate** for state sales tax paid on manufacturing machinery equipment



# Individual Income Tax

- The Task Force recommends either of two options for changes in the individual income tax structure.
- **OPTION 1** will require a constitutional amendment.
  - Expanded tax base with narrowed brackets
  - 25% rate reduction
- **OPTION 2** may be accomplished by legislative action.
  - Expanded tax base with narrowed brackets
  - No rate reduction

# Corporate Income and Franchise Tax

- The Task Force recommends:
  1. Elimination of the deduction for federal taxes paid as proposed on the November 8, 2016, ballot. (Did not pass)
  2. Study by the Louisiana Department of Revenue (LDR) and the Louisiana Tax Institute of:
    - A move from single-entity taxation to **combined reporting**.
    - Phase-out or **elimination of the corporate franchise tax**.

# Property Tax Reform

- The Task Force recommends that the Legislature:
  1. Maintain the **Homestead Exemption**.
  2. Ensure that local government continues to have a role in the decision-making process for granting access to the **Industrial Tax Exemption Program (ITEP)**.
  3. Phase-out the **Inventory Tax** over a ten year period.
  4. Phase-out the **Inventory Tax Credit** over a five year period.
  5. Phase-out the Ad Valorem Tax Credit for **Natural Gas** over a five year period.
  6. Maintain the Ad Valorem Tax Credit for **Offshore Vessels**
  7. Maintain the Ad Valorem Tax Credit for **Telephone Company Property**.
  8. Limit the ad valorem tax exemption for **property owned by non-profit corporations or associations**.

# LED incentives

1. Establish sunsets and **genuinely skeptical review periods** for all programs.
2. Continue to **monitor and report** on the performance of all incentive programs.
3. Revisit the **wage** requirement for the **Quality Jobs** program.
4. Restructure the **Research and Development Tax Incentive** (R&D) to limit participation to companies that receive a federal **Small Business Innovation and Research** grant.
5. Retain the Motion Picture Investor Tax Credit Program (“MPIC”), with modifications:
  - Change the “back-end” cap to a **“front-end” cap**
  - Modify the initial certification process to allow a project to count against the cap **only after it commences active production**

# State & Local Relations

- Local governments need the **autonomy** to increase sales tax rates without the approval of the Legislature.
- **Sales and property tax reform** are essential to providing local governments the ability to raise sufficient revenues without depending upon the state.
- Local governments should increase the utilization of **payment in lieu of tax** (“PILOT”) agreements.



# Louisiana Tax Institute

# Louisiana Tax Institute

- Act 568 of the 2016 Regular Legislative Session created the Louisiana Tax Institute within the Department of Revenue
  - Serves as the official advisory tax law revision and reform agency of the state
  - Promotes and encourages the clarification and simplification of tax laws of the state and its political subdivisions
  - Will make recommendations to the Legislature

# Louisiana Tax Institute

- The first meeting of the Institute took place on January 6, 2017
- The work of the Institute will begin with studies on the following subjects:
  - Recodification of R.S. 47:301
  - Combined reporting
  - Elimination, restructure, or phase out of the corporate franchise tax
  - Corporate income tax deduction for interest and dividend income





*Sales Tax Streamlining  
and Modernization  
Commission*

# Sales Tax Streamlining and Modernization Commission

- The purpose of the Commission is to make sales tax recommendations to the Legislature.
- The last meeting has been scheduled for January 24, 2017.
- The Commission has compiled a set of preliminary recommendations for each state and local sales tax exemption.
- The Commission will produce legislation for introduction in the 2017 Regular Legislative Session.



# Questions?

# Thank you!

**Kevin Richard, Deputy Secretary**  
**Louisiana Department of Revenue**