

TAXATION LAW COMMITTEE

Louisiana State Law Institute Studies Louisiana Tax System

By James C. Exnicios


The Louisiana State Law Institute has recently been pondering the concept of revamping the Louisiana tax system. The initial phase of discussions and presentations have been completed, and the committee is poised to release its base plan for restructuring the Louisiana tax system just prior to the commencement of the 2000 Regular Session of the Louisiana Legislature.

The newly formed committee was born out of Senate Concurrent Resolution No. 88, 1999 Regular Session, which requested the Louisiana State Law Institute to "study and investigate particular areas of the tax laws of Louisiana at the direction of and in consultation with the joint committee [the House Ways and Means/Senate Revenue and Fiscal Affairs] and report to the joint committee in the manner and as requested by the joint committee." Executive Director of the Louisiana State Law Institute and Paul M. Hebert Law Center Professor William Crawford assembled an

eighteen-member, volunteer Tax Study Committee chaired by former Louisiana Senate President Randy Ewing. The Tax Study Committee is comprised of academics, business and tax lawyers, certified public accountants, economists, lobbyists and businessmen from around the state.

During the seven meetings held since January 24, 2000, the Tax Study Committee has deliberated the merits of several proposals. Among the measures considered was the adoption of a value added tax or "single business tax," similar in structure to the regime utilized by Michigan, in lieu of corporate income tax and franchise taxes now collected by the state. Also considered was a processing tax on oil and gas first processed in Louisiana, similar to Louisiana's 1978 "First Use Tax" struck down by the United States Supreme Court as unconstitutional in *Maryland v. Louisiana*, 451 U.S. 725 (1981). A measure recommended by the business community calls for a gradual phase down of the ten-

year industrial tax exemption granted to manufacturers to a five-year term, coupled with a phase down of the homestead exemption from \$75,000 to \$25,000 over the same period of time. Other proposals debated include imposition of a sales tax on professional services and subjecting limited liability companies to corporate franchise taxation.

At its last meeting, the Tax Study Committee agreed on an initial base plan for restructuring the Louisiana tax system. The base plan calls for a reduction in sales taxes, an elimination of the federal income tax deduction for corporations and individuals, and a revamping of the property tax system. The Tax Study Committee anticipated issuing a written report concerning its findings and recommendations in late April of 2000. 

About the Author

James C. Exnicios, a tax attorney with the law firm of Lemle & Kelleher, chairs the NOBA Taxation Law Committee.

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