

RESET is a targeted, nonpartisan effort led by the **Committee of 100 (C100)**, the **Council for A Better Louisiana (CABL)**, and the **Public Affairs Research Council (PAR)** focused on four state policy issues: education, state finance, criminal justice, and transportation infrastructure.

2021 REGULAR SESSION POLICY PRIORITY:

State Tax System Redesigns

Guided by the principle of low tax rates and broad tax bases, provide a fairer, simpler, and more competitive tax environment for individuals and businesses that also produces stable, sufficient state revenue for essential government operations and services.

01 **INCREASE STABILITY AND LOWER RATES FOR THE INDIVIDUAL INCOME TAX**

Eliminate the deduction of federal taxes for Louisiana individual income tax filers to allow lower tax rates and a more stable and predictable source of revenue with a neutral net impact. The deduction ties the tax liability of Louisiana taxpayers, and ultimately the state's revenue outlook, to changes in the federal tax code. Louisiana's 6% top rate is an outlier. Only two other states have a full federal deduction; only Louisiana has it in its constitution.

02 **REDUCE THE CORPORATE FRANCHISE TAX BURDEN AND COMPLIANCE CONCERNS**

Phase-out, eliminate, or restructure the corporate franchise tax. Louisiana is among a small and declining number of states with this complex and antiquated type of tax. Raising the floor of the taxable base, as one reform option, would relieve the regulatory problems and litigation expenses for the majority of corporations, with minimal revenue impact.

03 **LOWER RATES FOR THE CORPORATE INCOME TAX**

Eliminate the deduction of federal taxes for corporate income tax filers to allow adjusted tax rates with neutral net impact or as an offset for reducing the franchise tax. Either the top rate, which is among the highest in the nation, or lower bracket rates could be adjusted.

04 **SIMPLIFY THE ITEP PROCESS**

The approval process for the Industrial Tax Exemption Program should be simplified to be competitive with other states seeking capital investments.