

Alert: Jindal Releases Summary of Upcoming Louisiana State Tax Reform Proposal

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Today, during a joint meeting of the Louisiana House Ways and Means Committee and the Senate Revenue and Fiscal Affairs Committee, Louisiana Governor Bobby Jindal released a summary of the state tax reform proposal his office has been promoting around the State. [The summary can be found here](#). Draft legislation is anticipated within the next few days.

The Governor is proposing the elimination of all state personal and corporate income taxes, as well as the state franchise tax. The Governor believes this can be done in a tax-neutral fashion by increasing the state sales tax rate to 5.88 percent (the state rate is currently 4 percent); by broadening the tax base to include more goods; and by taxing many more services than were previously taxed. The Governor's proposal would also reduce many currently available exemptions, all of which is intended to reduce the complexity of the State's tax structure and to promote investment and development within the State. As Louisiana currently has parish-level sales and use taxes which are not currently uniformly imposed or administered (making the Louisiana tax structure almost unique in its complexity as compared with other states), any true tax reform effort based on a shift to a sales tax-only system must address the issue of local sales and use taxes. Accordingly, the Governor's proposal suggests that comprehensive tax reform would include the creation of a Louisiana Sales Tax Commission (based on contracting with current parish tax authorities to continue in their roles as collectors and administrators) and the creation of a Louisiana Tax Court. In addition to what the new, broader tax base will consist of, the draft legislation will presumably address many other questions clients are asking regarding net operating losses, refunds, unused tax credits and similar issues.

We are monitoring the situation for our clients and will forward the draft legislation when it is released by the Governor's office.