

Alert: Louisiana State Tax Reform – More Details Released

March 19, 2013

The information below is a follow up to [the alert](#) we issued on March 14, 2013, about Louisiana Governor Bobby Jindal's summary of the Louisiana state tax reform proposal.

Today, in a joint meeting of the Louisiana House Ways and Means Committee and the Senate Revenue and Fiscal Affairs Committee, the Department of Revenue released a listing of those sales tax exemptions to be eliminated and those sales tax exemptions to be retained in connection with the Governor's tax reform initiative. Also released were a listing of those services to be taxed and those services that would remain nontaxable. Links to the summary documents are found above. Draft legislation has not yet been released.

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) and to broaden the tax base to include the services listed in the attachment and by eliminating the exemptions listed. Services that would be taxed include specified mining, transportation, professional services, cable, data processing, information and related services, certain financial services, agriculture, entertainment and personal services. Of note is that many nonprofit organizations currently not subject to income tax, but for whom special sales tax exemptions had been enacted, will lose those sales tax exemptions. Other nonprofits will retain special exemptions previously granted.

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