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CONVERSATIONS

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Editorial

Should we now address revenue side of equation?

Has Louisiana come up with enough funding cuts to balance its fiscal year 2012 budget? Are those cuts the most prudent choices? And, in the process of selecting what's to be cut, have we done enough self-examination to ensure those programs left standing are running as efficiently as possible?

The answers to these questions and more will become more evident when Gov. Bobby Jindal presents his budget proposal, expected Friday, and, later, after the Louisiana Legislature convenes its fiscal-only session at noon April 25. Among other things, Jindal again is expected to ask lawmakers to allow cuts of up to 10 percent from normally protected funds when Louisiana faces a shortfall.

Such cuts now are limited to 5 percent, leaving dollars for higher education and health care to bear the brunt of any budget slashing. Draconian is the word often used when describing how to cut \$1.6 billion out of \$2.26 billion in "discretionary" funds for those two areas of state spending.

But while state lawmakers prepare to first convene a special redistricting session, we wonder how long it will be until those also tasked with addressing Louisiana's budget shortfall no longer can avoid turning their attention to addressing the revenue side of the equation.

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to learn more about proposals put forth by Blueprint Louisiana and the Louisiana Budget Project.

Indeed, the state Senate president and speaker of the House reportedly at least have acknowledged the fact that lawmakers may have to examine the billions Louisiana grants through 441 tax exemptions.

Among 14 budget changes being promoted by Blueprint Louisiana is a new state fee on hospital visits — called a provider fee — that the coalition of Louisiana business leaders says would generate \$245 million in new cash when state and federal Medicaid matching dollars both are included.

And the Louisiana Budget Project soon will roll out six research notes, including one suggesting a state tax on Social Security benefits that — director Edward Ashworth told The Times Editorial Board on Friday — would mean millions in revenue. The group, affiliated with the Louisiana Association of Nonprofit Organizations, also will suggest rolling back part of the Stelly tax rollback and expanding the state's sales tax base to include more services.

To be sure, all these proposals and others sure to come have their downsides. Some of the ideas are downright counterproductive while others, nonetheless, still merit everyone's consideration. For instance, an unintended consequence of imposing an additional \$1 tax on each pack of cigarettes would be to erase the competitive edge businesses along the state border have against neighboring Texas, which has a higher tobacco tax rate. The loss of that revenue — estimated at about \$250,000 a year for one such business — would be more than offset by the significant increase in income Louisiana would receive for a number of years, Ashworth argued.

And then there's the question of how to increase revenue in a state whose governor says he is against raising taxes or fees and whose lawmakers for too long have relied on one-time money to plug funding gaps.

But these discussions must be had. We don't think the revenue side of the equation can be avoided any longer.