

OPINION

OUR VIEWS

Cut a few tax breaks

If there is a sleeper issue in next year's Legislature, it is tax breaks for special-interest groups.

Repealing or suspending some of the worst offenders is the easiest way to raise revenue, and utterly defensible even to anti-tax Republicans.

After all, it's not "new taxes."

It's collecting the old taxes, that outdated or inefficient tax breaks are shielding.

Under a resolution by Rep. Michael Jackson, No Party-Baton Rouge, the two tax-writing committees of the Legislature are directed to review the goals of the variety of tax exemptions, credits and deductions.

The resolution noted that losses to the state's tax base "have and will continue to impact Louisiana's ability to meet its obligations in areas such as education, health care, roads, capital needs and the unfunded accrued liability of the retirement systems."

Kind of a mouthful, but a reminder that the state's obligations — not just in today's budget cuts but in long-term debts, such as retirement checks and health benefits — are enormous in future years.

The Louisiana Budget Project has previously called for an assessment of tax breaks. The project's report on tax breaks noted that billions are not collected because of various exemptions.

Unfortunately, most of that is not "real" money, in that it realistically cannot be collected; there are big-ticket exemptions such as those passed in the 2002 Stelly tax reform plan, a constitutionally protected exemption on sales taxes for residential utilities, groceries and prescription medicines. Those kind of exemptions are unlikely to be repealed.

The real money is in business tax breaks granted as "incentives" to specific industries and businesses.

The budget project report noted one, a severance tax incentive granted to oil companies in 1994 but never repealed, even when oil and natural gas prices soared.

The idea that Louisiana should grant an incentive to drill is outdated to say the least.

However, there are many others.

How does repealing a tax exemption fit into the "no new taxes" pledge by Gov. Bobby Jindal?

Very easily.

Jindal has already breached the revenue walls in small ways, allowing several fee increases for state and local government to become law.

His administration tried to exercise a long-forgotten legislative approval to increase the price of driver's licenses, but lawmakers killed the idea, many of them saying they were blind-sided by the proposal.

How could any fiscal conservative, in a time of deep cuts to precious state institutions from LSU on down, oppose the idea of collecting what the state is owed?

Closing loopholes is the definition of tax reform.

The problem:

The loopholes are there for a political reason, as well as an economic one.

While the economic rationale for a tax break may be long gone, the special interest group benefiting from it is probably still alive and ready to lobby to keep it.

If the administration agrees with that view on tax exemptions, in these days of budget cuts, it won't be conservative. It would be a corporate shill.

So enterprising legislators who can find some particularly egregious exemptions to repeal in the 2011 Legislature will provide some illuminating debates, at the least.