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April 18, 2011

Coalition pushes \$940M in taxes to plug budget gap

Melinda Deslatte

A coalition of nonprofit organizations, unions and advocacy groups is pushing lawmakers to pass \$940 million in tax hikes to help close next year's budget gap, an agenda unveiled Monday that faces strong opposition from the governor and Republicans.

The group, calling itself Better Choices for A Better Louisiana, wants lawmakers to increase so-called "sin taxes" on cigarettes, gambling and alcohol, while also reversing income tax cuts passed in 2007 and 2008. Most of the proposals would require a two-thirds vote in the legislative session that begins next week.

Eddie Ashworth, a co-founder of the Better Choices organization, said officials must consider boosting state revenue rather than a third year of deep cuts to close a budget shortfall of \$1.6 billion in the new fiscal year that begins July 1.

Gov. Bobby Jindal, House leaders and Republican leaders oppose any attempts to raise taxes, and Ashworth acknowledged it would be difficult to win passage of the bills.

"I think we're definitely pushing a rock up the hill," said Ashworth, who heads the Louisiana Budget Project, which looks at how government spending affects low- to moderate-income families.

The Better Choices coalition also is asking for a review of all 441 tax exemptions on Louisiana's books, tax breaks that cost the state \$7 billion in lost revenue each year, and for a moratorium on all new tax breaks until the current ones are reviewed to determine their worth to the state.

"There are probably a few good exemptions that are shielding a lot of bad exemptions out there," Ashworth said.

Among the proposals:

_A \$1-per-pack increase on the state cigarette tax, to raise \$301 million a year. The tax would grow from 36 cents to \$1.36.

_A 5 percent increase in the state tax on riverboat casinos and a 4 percent tax hike on video poker, to raise more than \$100 million a year.

_A \$2.50-per-barrel increase in the beer tax, an 86-cent per liter increase in the wine tax and a 24-cent per liter increase in the liquor tax to generate \$38.5 million a year.

_The suspension of tax breaks enacted in 2007 and 2008 that cut income taxes on middle- and upper-income workers. The rollback reversed provisions of the so-called Stelly Plan that had been approved by voters only a few years earlier.

Jindal won't support the ideas, his spokesman reiterated Monday.

"We are opposed to tax increases and repeals of tax exemptions and tax credits, strongly opposed. We'll veto it," said Kyle Plotkin, a spokesman for the governor.

Jindal proposes a series of cuts, one-time patches and use of new federal financing to balance next year's budget. Cuts would fall on mental health services, charity hospitals, parks and education programs for at-risk youth.

Among the nearly 40 organizations listed as members in Better Choices for a Better Louisiana are the Agenda for Children, Children's Defense Fund, the Louisiana Federation of Teachers, the Louisiana chapter of the AFL-CIO, the Louisiana Association of Nonprofit Organizations, the Louisiana Primary Care Association, the state chapter of the National Alliance on Mental Illness, the Louisiana NAACP and AARP Louisiana.

AARP supports the sin tax increases, but not the reversal of the Stelly repeal, however.

The Associated Press

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