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Crafting a budget is the biggest challenge for legislators this session

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By Times-Picayune Staff Follow

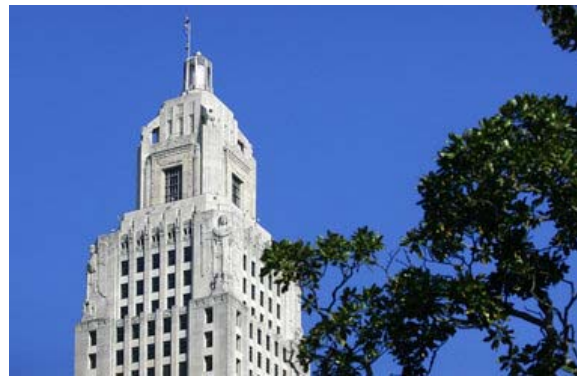
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BATON ROUGE -- As state legislators dig in for the arduous task of crafting a budget at the **annual session that begins Monday**, they find themselves with less money to spend and an anti-tax climate that leaves them with few palatable options.



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The \$24.9 billion state budget presented by Gov. Bobby Jindal is the focal point of the two-month conclave, where the agenda also includes the potential merger of the Southern University at New Orleans with the University of New Orleans and sideshow debates on abortion, the Ten Commandments, birth certificates for presidential candidates and dozens of other issues.

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But whether legislators work up the political nerve to rewrite the governor's budget plan, or simply tinker around the edges, is perhaps the key question for the next eight weeks. So far, while hardly anyone is happy about the governor's plan, few are predicting that

the Legislature will make wholesale changes.

"We'll work through it," said House Appropriations Committee Chairman Jim Fannin, D-Jonesboro. "It's going to be a challenge for all of us. There are not many options right now."

Story by:

Ed Anderson and Jan Moller, staff writers

In fact, legislators have numerous alternatives as they work to meet the constitutional requirement to balance the budget. They can raise any number of taxes, or they could eliminate some

of the 441 exemptions that are sprinkled throughout the tax code that translate to \$7 billion in lost revenue each year. They also could cut spending below the levels recommended by Jindal, instead

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of relying on one-time money from the sale of prisons and other funding mechanisms as Jindal is proposing.

Outside the Capitol, there is no shortage of budget-balancing ideas. A coalition of non-profits, unions and advocacy groups calling itself Better Choices for a Better Louisiana is asking for \$940 million in tax increases, including higher levies on alcohol and tobacco products and the reversal of a major 2008 income-tax cut. Health-care groups are pushing for a 70-cent increase in the cigarette tax, while others are calling for higher taxes on natural gas or increasing the registration fees on cars and trucks.

But the political reality is far different. Jindal has ruled out any tax increases, including suspending tax exemptions, and lawmakers, particularly in the House have shown no inclination to buck that edict. The governor also has signaled that he won't accept deeper cuts to health-care and higher education programs beyond what he's laid out in his budget.

The governor's plan leaves health-care programs and higher education programs mostly intact, though it would eliminate thousands of state jobs and force state workers to contribute more money toward their retirement programs.

"In modern history when our state has faced fiscal challenges, we've done one of a couple of things: we've either raised taxes or expanded gambling," Jindal said. "Look to the last few years. This is the first time we've said, 'We're not going to do this.'"

To meet the bottom line, however, the budget includes several contingency items that have become the chief source of heartburn for House and Senate leaders. Foremost among them is a plan to sell off three state-owned prisons to private operators and use \$86 million of the proceeds to pay health-care costs for the poor and indigent. The budget bill also depends on passage of a proposed constitutional amendment that would steer \$92 million in tobacco-settlement proceeds to the TOPS scholarship program next year.

Lawmakers also are demanding details about \$225 million in unspecified "funding efficiencies" that the administration is touting.

House Speaker Jim Tucker, R-Algiers, said the various contingency items mean the budget bill Jindal sent over is technically not balanced.

"The prisons are a big problem. The not fully funding TOPS is a big problem," Tucker said. "And we are still working to get a list from them on the efficiencies that they talk about."

While lawmakers grumble, they grudgingly admit that there is little chance of tax increases making it through the process, as they require a two-thirds vote that is considered virtually impossible to achieve in the House.

"I don't see any real opportunities for any new revenues, whether it's raising taxes or suspending credits or exemptions," said Sen. Lydia Jackson, D-Shreveport, the vice-chair of the budget-writing Senate Finance Committee.

But Jindal said the debate will come down to a question of contingency spending versus tax increases, and said it's a fight he welcomes.

"I think this tax debate is going to happen," Jindal said. "I think you hear from a lot of legislators that are going to want to take other tools off the table to balance the budget. And so what they're going to try to do is create a scenario where it becomes, in their minds, in their arguments, it becomes inevitable that you have to raise taxes."

Senate President Joel Chaisson II, D-Destrehan, said he hopes the debate over contingency items does spark a debate on taxes. "If it comes down to it and we're looking at drastic cuts to higher education and drastic cuts to health care, that will be what motivates members to engage in an open and honest debate about cuts versus revenue measures or a combination of both," Chaisson said.






Fannin said he doesn't sense much enthusiasm for prison sales, but said support for the idea might pick up "when it comes down to the end of the session and they have to make choices between prison sales and cutting higher education or health care another \$86 million."



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House Democratic leader John Bel Edwards, D-Amite, described the budget as a "hocus pocus" document built on "smoke and mirrors" that is primarily designed to get the governor and his allies re-elected. But Edwards said Jindal is likely to get his way in the end.

"They're trying to piece together enough moving parts to get through this election year without having to make hard choices," Edwards said. "And also by leaving (some) hard choices up to the Legislature, so that if there are going to be cuts above and beyond those that he's proposed he'll be able to point the finger at the Legislature."

Political pollster Bernie Pinsonat said recent history suggests the complaints from legislators won't keep the governor from working his will. "I don't know when (Jindal) hasn't gotten his way," said Pinsonat, of Southern Media & Opinion Research, pointing to the recently concluded special session in which the administration got the state's political lines redrawn largely to its liking.

"This group (of legislators) doesn't seem to have a lot of spunk when it comes to independence," he said.

But Louisiana State University political scientist Kirby Goidel said the growth of partisanship in a Capitol that used to divide along regional lines means the days when governors call all the shots could be numbered.

"The Legislature has become more partisan and more polarized, perhaps, less easily led, and there is likely to be more than trivial resistance to a number of Jindal's budget proposals," Goidel said.

Rep. Hunter Greene, R-Baton Rouge, who oversees tax policy as chairman of the House Ways and Means Committee, said House members won't agree to tax increases and are more concerned about the inclusion of \$474 million in "one-time" money in Jindal's budget. "That is the one thing the Legislature coalesced around since 2007."

But Greene said he doesn't expect the Legislature to go as far as rewriting the budget on its own, the way legislatures in other states do as a matter of routine. "It would certainly be more refreshing," Greene said. "But I don't know if we will see that this year."

On the other side of the tax debate are the numerous proposals that have been filed to cut taxes across the board or give breaks to specific industries or sectors. Like the prospect for tax increases, the notion of taxes being cut beyond the levels recommended by Jindal appear to be slim.

While Jindal is backing a small package of targeted business tax breaks this session, any broad-based effort to lower taxes stand little chance of passing as it would require cutting deeper into the budget than the governor has proposed.

"We're open (to cutting taxes)," Jindal said. "If folks have additional ideas about additional savings in the budget, as long as they can do that without hurting education, health care, (and) our state's priorities, we're certainly open to looking at those."

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All of the tax breaks and the repeal of the Stelly tax by Jindal equals the amount of the budget shortfall.

You would think he would learn something from that!

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Roll back the salaries of higher ranking State employees, those whose upper salary range exceeds \$100,000, and the number of those employees to the 2007 level. I am not sure how much money that would save but it irritating for Jindal to profess to be a conservative and jack up the salaries and number of people who make that level of salary. The Jindal Administration has pulled an Edwards' trick, increase the spending in his preferred programs / projects one year and the next year do across the board cuts and specific cuts to areas he does not like. Jindal wants to sell the farm and then rent it back.

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