



July 6, 2020

Dear Gov. Edwards,

Tax cuts and expanded tax credits for corporations will not save Louisiana's economy. Instead, they will only make it harder to maintain our investments in education, healthcare access, public safety and other pillars of a strong economy. An equitable recovery from our current economic crisis requires that Louisiana maintain an adequate revenue base and not repeat the mistakes of the past by creating long-term structural deficits.

We respectfully request your veto of the following legislation:

- [House Bill 11](#): This bill would increase the amount of money that retailers are compensated for collecting and remitting state sales taxes. This bill would partially reverse one of the modest tax reforms that received broad bipartisan support as recently as 2013. Louisiana already has one of the most generous vendors' compensation programs in the country (several states offer no such discounts), and there is no evidence that increasing the amount will lead to more retail activity.
- [House Bill 13](#): This bill would allow certain restaurants, retailers and bars to receive taxpayer subsidies through the state Enterprise Zone (EZ) program. It would reverse reforms of the programs that received broad bipartisan support in 2013 and 2015. Retail, restaurant and bar jobs are likely to return as social distancing requirements are lifted and the economy recovers. There is no evidence that more of these jobs will return - or that they will return faster - if the state underwrites these jobs, which generally pay low wages.
- [House Bill 19](#): This bill would expand Louisiana's Quality Jobs program to include restaurants, bars and retailers, thus qualifying business owners for state taxpayer subsidies for jobs that pay above a certain threshold. [The Legislative Auditor reported](#) this year that the vast majority of jobs that are subsidized through the program would have come to Louisiana without the incentive. The program cost Louisiana nearly \$100 million in the 2017-18 fiscal year, and provides Louisiana a very poor return on its investment (\$0.10 for every \$1 in incentives). The Legislature should be working to reform this program, not expand it.
- [House Bill 69](#): This bill exempts 50% of state and local sales tax on fiber-optic cables for companies that win bids in the federal [Rural Digital Opportunity Fund](#) auctions making it a subsidy of purchases that would have happened anyway. The federal government is already heavily subsidizing the companies that win these bids with a designated \$20.4 billion fund. The Rural Digital Opportunity Fund auctions are not even set to begin until October.
- [Senate Bill 5](#): This bill would cut income taxes for Louisiana casinos by exempting some of the taxes paid on promotional play wagers. Louisiana casino operators have survived for nearly 30 years without this tax break, which would cost the state \$83 million in lost revenue over five years - money the state needs to pay for critical services.
- [Senate Bill 13](#): This bill would continue Louisiana's New Market Tax Credit program. Organizations from across the ideological spectrum – from the progressive Georgia Budget and



Policy Institute to the conservative John Locke Foundation – [have called these programs “schemes” or “gimmicks”](#), and for good reason. Evidence from other states shows that these programs do not have a positive return on investment. Alabama and Missouri’s “rural jobs” programs showed that the states spent \$92,000 and \$146,000, respectively, in tax credits for every job created. An audit of New York’s 15-year program found that \$400 million in tax credits produced a net 188 new jobs – costing the state \$2 million per job. A review of Florida’s program found that the state received \$0.18 in tax revenue for every dollar in tax credits.

- [Senate Bill 24](#): This bill would increase state subsidies for investments made in federally designated Opportunity Zones, and double the existing cap on the program. The Opportunity Zone program was created by the 2017 federal tax law. It is still too early to tell if the program will actually benefit low-income neighborhoods, [or whether it includes too many loopholes](#) that allow investors to get rich without helping the communities that truly need new investments. The state should not be looking to piggyback on this program until it’s clear whether it’s working as intended. Therefore, this bill is premature and deserves a veto.

We sympathize with the Legislature’s desire to help businesses recover from the current economic crisis. But the people who are suffering most right now are those who have lost their jobs, and need access to the services and support that Louisiana provides through its government. By vetoing these bills you will help ensure that these services can continue to be provided - not just in the new budget cycle but for years to come.

Thank you for your consideration of this request, and for all your work on our state’s behalf.

Sincerely,

Jan Moller
Executive Director