

# Louisiana Chemical Association: 2017 Legislative Session Summary

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# Addressing the “Fiscal Cliff”

- **\$1.3 billion budget deficit for FY 2018** when temporary tax increases from 2016 expire.
- After February’s special session, the Legislature was to address the remaining \$650 million the Edwards administration says is needed to fund the state budget for FY 2018.
- Various task forces assembled by the Governor and Legislature met between June of 2016 and April 2017 to work on tax reform and stabilizing the budget.
  - HCR 11 Task Force on Budget and Tax Policy
    - Sales Tax Streamlining and Modernization Commission
    - SCR 6 Task Force
  - Governor’s Task Force on Transportation and Infrastructure

# 2017 Regular Legislative Session

- ⦿ Monday, April 10th – Thursday, June 8<sup>th</sup>
- ⦿ Fiscal only tax session.
- ⦿ Tension has reached a tipping point between House Republicans and Governor Edwards.
- ⦿ Not much of an appetite for raising more taxes on the part of most House Republicans.

# Key Bills of the 2017 Regular Session:

- **HB 628** (Rep. Sam Jones (D)- “Commercial Activity Tax” (CAT))
  - • **Edwards administration bill, strongly opposed by LCA & LMOGA.**
  - • A gross receipts tax, said to be modeled after Ohio’s CAT.
  - • Rate of 0.35% applied to LLCs, LLPs, Corporations, S-Corps, and Joint Ventures for “privilege of doing business in Louisiana.”
  - • Did not apply to non-profits, gov. entities, some public utilities, some financial institutions, insurance companies, or businesses with \$1.5 million or less in taxable gross receipts.
  - • Was aimed at larger businesses and manufacturers.
  - • This type of tax is widely disfavored by economists.
  - • **Bill was killed in House Ways & Means Committee** when it was voluntarily deferred by the author due to strong bi-partisan opposition.

# Key Bills of the 2017 Regular Session:

- **HB 648** (Rep. Kenny Havard (R)- “Louisiana Business Activity Tax”
  - • Was a second attempt at imposing a gross receipts tax or CAT
  - • Even more aimed at larger businesses and manufacturers.
  - • Very complex and confusing formula for imposition of the tax.
  - • **Governor Edwards supported this bill; strongly opposed by LCA & LMOGA.**
  - • There was strong bi-partisan and business opposition.
  - • **This legislation was killed in the House Ways & Means Committee.**
  
- **HB 609** (Rep. Jay Morris (R) – 2 Permanent “Clean Pennies” of Sales Tax
  - • Same author responsible for current temporary 2% suspension of business utilities sales tax exemption from the 2016 legislative sessions. (Act 25)
  - • Proposed making the temporary 2% tax on business utilities and “other constructions,” set to expire in 2018, a permanent 2% tax.
  - • **LCA & LMOGA strongly opposed this bill.**
  - • **This bill was killed on the House floor: 79 “nays” and 22 “yays”**

# Key Bills of the 2017 Regular Session:

- **HB 444** (Rep. Alan Seabaugh (R)- **Industry PILOT Legislation**
- • Const. Amendment to clarify policies regarding “Payment in Lieu of Taxes” (PILOT) agreements and to eliminate the requirement of transferring property ownership from private business entity to the local municipality or parish.
- • Gave local taxing authorities complete control to negotiate a deal with business.
- • Cameron LNG case involving a PILOT motivated business to bring this bill.
- • **LCA & LMOGA helped to develop this legislation and strongly supported it.**
- • **Supported by Governor Edwards, LED, Police Jury, LMA, many Mayors, Parish Presidents, many Sheriffs etc.**
- • Strongly opposed by the Louisiana Assessors’ Assoc. and Together Louisiana
- • Passed the House of Representatives with a 2/3 vote: 75 “yays” and 20 “nays”
- • **This legislation was killed in Senate Revenue & Fiscal Affairs Committee** with the Chairman, Sen. J.P. Morrell, casting the final vote making it a 5 – 5 tie.

# Key Bills of the 2017 Regular Session:

- **SB 26** (Sen. J.P. Morrell (D)- Eliminates Exemption of School Millage From ITEP
  - • Const. Amendment to eliminate any percentage of exemption of a school millage from all Industrial Property Tax Exemption Program (ITEP) contracts.
  - • The bulk of most ITEP contracts consist of school millage exemptions.
  - • **LCA & LMOGA strongly opposed this bill.**
  - • Passed out of Senate Rev. & Fisc. Committee of which the author is also the Chairman.
  - • Votes were not there to pass the full Senate and the bill was returned to the calendar where it was “subject to call” without action for weeks.
  - • **The bill died in the Senate as it was never called back up for a vote.**

## **HB 632** (Rep. Steve Carter (R) – 17 cents increase to the Louisiana Gas Tax

- Const. Amendment to fund \$700 million annually for transportation and infrastructure projects.
- Very controversial bill for many Republican legislators, the majority of whom opposed it, along with the Louisiana Republican Party.
- **The bill died in the House** where the votes were far short of the 2/3 majority needed to pass.
- After an angry speech chastising the Louisiana GOP for opposition, the author returned the bill to the calendar expressing his intent not to bring it up for a vote.

# Key Bills of the 2017 Regular Session:

## ◎ **SB 140** -(Sen. Walsworth (R) – Tax Exemption on Construction Works in Progress (CWIP)

- ◎ • Const. Amendment to exempt property delivered to a construction project site for incorporation into a building or other construction and buildings or other constructions under construction, until the project is “complete.”
- ◎ • As with the PILOT legislation, this bill was a result of the same aggressive assessor in Cameron Parish assessing property that should have been exempt, which has led to a Cheniere LNG lawsuit.
- ◎ • This was an industry bill brought to clarify that CWIP property is exempt until the project is “complete.”
- ◎ • Louisiana Assessors’ Association and Together Louisiana strongly oppose it.
- ◎ • This bill passed and was signed by the Governor / Act 428
- ◎ • **Const. Amendment will be on ballot for voters in the Fall 2017 elections.**
- ◎ • **LCA & LMOGA helped to develop this legislation and strongly supported it.**
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# Key Bills of the 2017 Regular Session:

- **HB 673** – (Rep. Stokes (R) – Chlor-Alkali Exemption and “Sales Price” Issue
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  - • Stokes, Chairwoman of the Sales Tax Streamlining and Modernization Commission brought this omnibus bill attempting to clean up or streamline sales tax exemptions and exclusions.
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  - • Originally proposed having minimal effect on the state fisc and was created with the intention to inject uniformity in the sales tax code.
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  - • **LCA discovered an “unintended consequence”** of the bill was to extend the temporary suspension of the tax exemption on chlor-alkali, expiring on June 30, 2018, to July 1 of 2019.
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  - • This would have meant multi-millions in additional taxes for LCA chlor-alkali producers.
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  - • An amendment was introduced in Senate Rev. & Fisc. Committee where the bill passed.
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  - • An unintended consequence of that amendment was to change the definition of “sales price,” making installation charges that are currently exempt, taxable.
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  - • LCA worked to get an amendment to fix that additional issue on the Senate floor.
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  - • The bill did not pass the full Senate as it failed to achieve a 2/3 majority vote.
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  - • **LCA & LMOGA were neutral on the bill.**

# Key Bills of the 2017 Regular Session:

## **HB 394** – (Rep. Kenny Cox (D) – Fence line Air Monitoring With Real-Time Data Online

- The annual Green ARMY/LEAN/Bucket Brigade bill requiring fence line air monitoring and real-time data posted online for the public, modeled after Richmond, Ca. system.
- **LCA & LMOGA strongly opposed this bill and began work long before session to kill it.**
- Bill did not pass out of the House Natural Resources and Environment Committee.

## **HB 535** – (Rep. Denise Marcelle(D) – Designates Critical Areas of Groundwater Concern

- The annual Green ARMY/LEAN bill designating Baton Rouge and various lands over the Southern Hills Aquifer as “areas critical groundwater concern.”
- **LCA & LMOGA strongly opposed this bill and began work long before session to kill it.**
- **Bill did not pass out of the House Natural Resources and Environment Committee** but was later turned into a substitute bill / Act 425, requiring periodic reports to legislature.

## **SB 167** - (Sen. Regina Barrow(D) – Public Health Screenings for Air Release Violations

- Green ARMY/LEAN bill requiring companies to pay for health screening of citizens within a certain geographic area of “any air release violation.”
- **LCA & LMOGA strongly opposed this bill.**
- Author attempted to amend the bill to pass it but she eventually voluntarily deferred it.
- **Did not have the votes to pass it** and turned it into a study resolution, SR 161.

# Key Bills of the 2017 Regular Session:

## HB 389 – (Rep. Thomas Carmody(R) – “One Call” Law as Applied to Pipelines

- Authorizes Commissioner of Conservation to enforce the La. Underground Utilities and Facilities Damage Prevention (“One Call”) Law as it applies to pipelines.
- **LMOGA & LCA were heavily involved in successful passage of this bill, which was difficult due to political infighting among legislators.**

## HB 423 – (Rep. Chris Leopold(R) – DEQ Water Quality Trading Program

- Authorizes DEQ to administer a Water Quality Trading Program.
- May include point source and non-point source participation.
- Authorizes point credit exchange between different watersheds and removes the geographic limitations of the previous points program that only authorized point credits exchanged among one watershed source.
- Aimed at further reducing discharge of pollution into waters of the state.
- **LCA & LMOGA supported and assisted DEQ in development of this legislation.**
- The bill passed and was signed into law by the Governor / Act 371.

# Key Bills of the 2017 Regular Session:

**HB 54** – (Rep. Robby Carter (D) – **Created an Oil and Gas Processing Tax**

- **LMOGA strongly opposed this bill;** as did LCA.
- The bill was never heard in Committee or advanced at all.

**HB 647** – (Rep. Kenny Havard(R) – **Created a Louisiana Petroleum Refinery Business Tax**

- **LMOGA strongly opposed this bill;** as did LCA.
- Although the bill was scheduled, it was never heard in Committee.

**HB 596** – (Rep. Walt Leger(D) – **Allowed for Private Investment in Coastal Projects**

- Included the granting of mitigation credits on certain projects.
- **LMOGA monitored this legislation.**
- The bill passed and was signed into law by the Governor / Act 356.

**HR 1** – (Rep. Jerome Zeringue (R)- **Approves Coastal Protection Plan for FY 2018**

- Approves the plan adopted by Coastal Protection and Restoration Authority Board.
- **LMOGA monitored this legislation.**

# Key Bills of the 2017 Regular Session:

## SR 1 – (Sen. Blade Morrish(R) – Approves the Coastal Master Plan for 2017

- Included the granting of mitigation credits on certain projects.
- **LMOGA monitored this legislation.**
- The bill passed and was signed into law by the Governor / Act 356.

## HCR 101 – (Rep. Ray Garofalo (R) – Energy Producing States & Revenue Sharing Inequities

- Requires the U.S. Congress and the Louisiana Congressional Delegation to take such actions to rectify the revenue sharing inequities between coastal and interior energy producing states and to ensure the dependability of such revenue sharing.
- **LMOGA supported this bill and wrote a letter of support to President Trump asking to keep revenue coming back to Louisiana.**

## SB 50 – (Sen. Blade Morrish(R) – Obtainment of Waste Hauling Permits From the PSC

- Reduced the burden of refineries to obtain such permits.
- **LMOGA supported and was instrumental in passing the bill.**

## SR 154 – (Sen. Fred Mills(R)- Mitigating Spoil Banks on Lower Atchafalaya Basin

- Urges DNR to study effects pipeline construction and maintenance there.
- **Adopted by the Senate;** urging and requesting entities like LMOGA to participate in the study.

The “Fiscal Cliff” still looms:

**Yet another Special Session seems inevitable and will  
mostly likely happen in late 2017 or early 2018.**