

Alford: Opposing sides dig in as session winds down

By Jeremy Alford

A conservative-leaning coalition has doubled down on its request to lawmakers that they stay under the state spending cap while advancing a plan to lower individual income and corporate franchise taxes.

With just 14 days remaining in the regular session, the extra push is coming from Americans for Prosperity, Associated Builders and Contractors, Louisiana Association of Business and Industry, Louisiana Committee for a Conservative Majority, Louisiana Family Forum, National Federation of Independent Business and the Pelican Institute.

The conservative-leaning coalition released a letter to lawmakers and the media Friday morning, and its membership is spending money on digital advertisements.

“While lawmakers will decide the details and specifics, it is possible to pass a budget that funds significant infrastructure investments now and in the future, provides a state-funded teacher pay raise and pays down retirement debt, all while staying under the expenditure limit,” the letter reads.

The coalition wants the House and Senate to fully fund the Rainy Day account, pass a reasonable budget with money freed up from paying down retirement debt and assign all surplus dollars to one-time infrastructure needs.

Boosting the Rainy Day Fund, which serves as the state’s primary savings account, will trigger reductions in tax rates through a mechanism the Legislature created in 2021. The corporate franchise rate, for instance, would nearly vanish, dropping from 2.75 percent to 0.28 percent. Personal income tax rates would decrease as well, but only minimally.

There is, of course, an alternative approach that involves busting the expenditure cap. With just days remaining until the Legislature must adjourn at 6 p.m. on June 8, lawmakers can’t seem to agree on a spending plan.

In fact, the House and the Senate seemed to be moving in opposite directions coming out of the Memorial Day holiday.

Senators are now threatening to pass two budgets—one that lives below the spending cap and one that busts the cap. If House members refuse to budge on resisting a breach in the expenditure limit, senators are also promising to cut prized projects from the annual capital outlay bill.

The battle lines remain the same at this hour. On one side you have the full Senate, the Edwards administration, local government groups, higher education leaders and others calling for \$2.2 billion in extra money to be spent in the current fiscal year and in the next.

On the other side, the coalition is providing cover for members of the House, who want to bank the extra money. There are said to be roughly 36 conservative representatives unwilling to even consider busting the cap. We’ll have to see if that holds.

There is a new argument emerging in relation to how much in new construction the state can handle if the cap were busted. Here’s an excerpt from the letter released by the conservative-leaning coalition:

“This coalition fully supports making appropriate investments in our state’s infrastructure.

Roads, bridges, water systems, and other infrastructure needs are critical to our state’s future.

However, a consensus among experts (many of whom are members of some of the coalition organizations) is clear: attempting to rush spending on the magnitude of projects represented by a cap-busting budget would drive up prices substantially due to workforce and material constraints. Furthermore, especially when combined with current federal government projects,

these actions would largely push execution of projects that could be done to out-of-state operations instead of our local contractors. A more responsible approach is to set money aside for future shovel-ready projects to be accomplished at less cost later. It is also worth noting the expenditures already funded and in progress through a combination of federal and state taxpayer dollars, just in the last two fiscal years, totals nearly \$3 billion, above and beyond the annual operation appropriation (and related federal funds) to the Department of Transportation and Development.”

Short of a compromise over the next week and a half or so, lawmakers may be looking at another summertime special session. Hopefully the threat of additional time at the Capitol will be enough to steer the regular session across the finish line.