

2019 Legislative Wrap-Up

A Return to Normalcy

For the first time in a decade, the Louisiana Legislature met for its annual session without a serious fiscal problem to resolve. Thanks to a hard-fought revenue compromise crafted in 2018, the budget debate this year centered on where the state should invest, rather than which programs to cut. The result was a 2019-20 budget that gives public school teachers and support workers a long-overdue pay increase, sends new money to local school districts and reduces the number of low-income families on a state waiting list for child care assistance.



Executive Director Jan Moller advocates for a statewide paid leave policy at a press conference organized by Louisiana Families First.

Medicaid also received a funding boost, including higher reimbursement rates for providers of home- and community-based services for the elderly and people with disabilities, and higher payments for hospitals and other care providers. Making these new investments required the Legislature to reject several attempts to roll back the revenue compromise and enact new, costly tax breaks.

But lawmakers also rejected efforts to make Louisiana's tax structure more fair and competitive and once again turned their backs on low-income workers by refusing to pass a state minimum wage or give local communities the right to establish wage and benefit levels on their own. And while lawmakers fully funded the TOPS college scholarship program, they left a major gap in the need-based Go Grants program, which still only funds 45% of projected need for eligible students.

Legislators also:

- Rejected multiple attempts to strip away local control over manufacturing property tax breaks in the Industrial Tax Exemption Program (ITEP)
- Ensured that Louisiana residents can no longer lose their professional license because of unpaid student debt
- Refused to create a paid family leave policy that would cover 80% of state workers in times of illness, the birth of a child or other life event
- Rejected an effort to impose a 36% annual interest rate cap on predatory payday lenders
- Protected people on public benefit programs such as Medicaid and SNAP from bureaucratic paperwork requirements and invasive audits

The Budget: New State Investments		
Agency	Program or Outlay	Amount (State General Fund)
Department of Education	Pay raises for teachers (\$1,000) and support workers (\$500) plus 1.375% funding formula increase for school districts	\$140.5 million
Department of Health	Rate increases for home-care providers for the elderly and people with disabilities	\$36.8 million
Board of Regents	Increased funding formula support and TOPS/financial aid	\$38.3 million
Office of Juvenile Justice	Operating cost of new Acadiana Center for Youth and costs associated with “Raising the Age” for incarceration in adult jails and prisons	\$12.8 million
Department of Children and Family Services	IT upgrades, rate increases and extending foster care to age 21	\$8.4 million
Governor’s Office of Elderly Affairs	Parish Councils on Aging	\$4 million
Total		\$240.8 million

Source: Louisiana Legislative Fiscal Office

A budget and tax structure that works for everyone

After four bruising legislative sessions in 2018 that were focused on resolving a \$650 million structural imbalance, the 2019 Legislature made few substantive changes to the state tax structure. But it wasn’t for lack of trying. Legislators made several attempts to roll back last year’s tax agreement, reinstate tax breaks for favored special interests and create new tax breaks. Several of these measures made it out of the House, only to die on the Senate side. The proposed tax rollbacks would have destabilized the state budget and jeopardized Louisiana’s ability to provide essential health care, education and public safety services.

The most far-reaching tax cut scheme was [House Bill 599](#) by Rep. Lance Harris, which sought to phase out the 9/20th of a penny of sales tax that was the key component of last year’s tax compromise. It would have cost the state \$914 million over the next five years. While Louisiana’s over-reliance on the sales tax disproportionately harms low-income Louisianans and people of color, any cuts to the sales tax must be balanced by new revenues so we can pay for the roads, schools, and other services and programs that help our communities thrive. The bill cleared the House 74-20, but was not brought to a vote on the Senate side after being assigned to Revenue and Fiscal Affairs.

Legislators filed numerous other bills that would devastate Louisiana’s ability to fund basic necessities. Fortunately, many did not get very far.

Rep. Phillip Devillier [House Bill 31](#) and Rep. Barry Ivey’s [House Bill 523](#) tried to repeal Louisiana’s corporate franchise tax, which numerous other states have already done. Critics of the franchise tax say that it is an antiquated tax on wealth and capital that discourages new investments. But supporters say the tax ensures that all corporations - even those that pay no income taxes - end up paying something for the state services they receive. Any plan to phase out the franchise tax should account for the revenue that would be lost, and should include a plan for closing tax loopholes that allow many companies to escape income taxes. The franchise tax bills did not include such plans, and would have drained \$909.3 million (HB31) and \$473 million (HB523) from the state treasury over five years. Both bills died in a House committee without a vote.

[House Bill 603](#) by Rep. John Stefanski intended to exempt business utilities such as water, gas, electricity and steam from state sales and use tax. While this bill moved out of the house 65-35, it died without a vote in the Senate.

Some tax credit bills are really spending programs in disguise. That was the case with [House Bill 444](#), by Rep. Jack McFarland, which was billed as a way to create jobs in rural areas. Similar bills have been introduced in states across the country, posing as smart investments in struggling rural communities while in reality funneling state tax dollars to well-connected middleman companies with little accountability. The bill, which would have cost Louisiana \$56 million, died without a vote in the Senate Finance Committee.

Legislators also failed to pass [Senate Bill 5](#) by Sen. J.P. Morrell, which would have exempted diapers and feminine hygiene products from the state sales tax. The bill made it through both the House and Senate, but differences between the two chambers could not be worked out in the final hours of the session. LBP worked closely with the Junior League of Baton Rouge to coordinate testimony and mobilize constituents to contact legislators.

Bill Spotlight: Tax and Budget		
Bills	Why did it matter?	Outcome
HB 31: Phases out franchise tax over 5-year period	Phasing out the franchise tax with no plan to replace revenue would have cost the state \$909 million over the next five years.	Died in committee
HB 57: Created a centralized system for collecting state and local sales taxes	The U.S. Supreme Court’s <i>Wayfair</i> decision lets states collect sales taxes from online vendors without a physical presence in their state. Unfortunately, Louisiana’s local sales tax collection system makes it hard to collect this tax. Moving to a centralized system is the best way the state can obtain revenue from remote online sellers.	Died in committee
HB 105: FY 19-20 operating budget	The \$30 billion operating budget for the 2019-20 budget year includes new money for education, health care, public safety and other programs.	Sent to the governor

<p>HB 151, 191, 260, 261, 416, 441: Numerous bills were filed to eliminate individual and corporate federal income tax deductions while simultaneously instating a new flat tax rate</p>	<p>The federal income tax deduction mainly benefits Louisiana’s richest households, and makes Louisiana’s state budget vulnerable to changes in federal tax policy. But eliminating the federal deduction should not be paired with a flat-rate income tax, which would raise taxes on middle-income households while cutting them for those at the very top.</p>	<p>Died on House floor</p>
<p>HB 444: Created the Louisiana Rural Jobs Act Tax Credit program</p>	<p>Audits have shown that these tax giveaways have a very poor return on investments, and mainly funnel state tax dollars to well-connected middleman companies.</p>	<p>Died in Senate committee</p>
<p>HB 530: Required Earned Income Tax Credit qualifiers to check a box to verify the residency of their children</p>	<p>To claim dependents for the federal Earned Income Tax Credit, those dependents must live with the tax-filer in the United States for at least six months of the tax year. This bill was unnecessary.</p>	<p>Died in Senate committee</p>
<p>HB 599: Reduces the sales tax rate from 4.45% to 4.05% over five years</p>	<p>A phase out of the sales tax that was implemented to address the 2018 fiscal cliff would have resulted in a loss of \$870 million over the next five years, making it hard to fund state services.</p>	<p>Died in Senate committee</p>
<p>SB 4/SB 5: Exempt diapers and feminine hygiene products from state sales tax</p>	<p>Louisiana’s constitution exempts utilities, medicine, and food for home consumption from the state sales tax. But diapers and feminine hygiene products never made the cut as a necessity and are taxed at the full state sales tax rate. Exempting these items would benefit women and families with young children, who are already disproportionately living in poverty.</p>	<p>Died in conference</p>
<p>SB 21: Dedicates sales tax to transportation projects</p>	<p>This bill would have shifted money from health care, education and other programs to pay for transportation needs.</p>	<p>Died in committee</p>
<p>SB 217: Protects the refundable portion of the Child Tax Credit from seizure</p>	<p>Working family tax credits, such as the Child Tax Credit and Earned Income Tax Credit, are very effective at lifting families out of poverty and reducing inter-generational poverty. Every dollar counts for low-income families receiving these tax credits.</p>	<p>Sent to governor</p>

Increasing access to a quality education

Every child in Louisiana deserves the opportunity to learn in a well-resourced public school, from a teacher who is highly qualified and fairly compensated. Public school teachers in Louisiana have critical and difficult jobs, for which they are paid less than their counterparts across the country. Many teachers have had only one pay raise over the past decade, and school districts have struggled to cover the rising cost of health insurance, pensions and other overhead costs.

This year, Gov. John Bel Edwards and legislators made a teacher pay raise their top priority. The budget includes a \$1,000 pay raise for teachers and \$500 for support staff such as cafeteria workers, teachers' aides and custodians. There also was a separate, 1.375% increase in the per-pupil spending that goes to school districts. Both the pay raises and the per-pupil spending increase were included in the Minimum Foundation Program (MFP) - the financing formula that funds public schools - so the money can't be taken away in future years.

The funding increase passed with broad bipartisan support, despite some political disagreements along the way over how it should be structured.

The House version of the budget called for a \$1,200 pay raise for teachers and \$600 for support workers, but did not include the money in the MFP, which meant it was essentially a one-year stipend. The House also did not include new per-pupil funding for school districts. But it was the Senate's version that ultimately prevailed, with the slightly smaller pay raise but the assurance that the increase is permanent. It marks just the second time in more than a decade that the school funding formula included an increase in per-pupil spending.

Legislators also earmarked new state dollars to help low-income families gain access to high-quality early care and education services for children aged 0 to 3. The \$15.2 million in new money for the Child Care Assistance Program (CCAP) will allow 1,450 children to access quality, reliable child care at subsidized rates so their parents can go to work or attend school while also providing a rate increase for child care centers. Unfortunately, there are still 4,000 children on a state waiting list.

Funding for public colleges and universities, the popular Taylor Opportunity Program for Students (TOPS) was hardly discussed during the session as higher education is to receive an additional \$38 million next year. But legislators turned back an effort by Sen. Regina Barrow ([Senate Bill 85](#)) to exempt college textbooks from state sales tax.

Legislators also took steps to limit the impact of public school fees and fines on low-income families. The state's disinvestment in public schools has forced some districts to rely too much on fines and fees to fill their budget, but they often come with little transparency and no alternative for parents who



Policy Analyst Neva Butkus testifies in favor of a funding formula that includes pay raises for teachers and support staff and additional money for school districts.

cannot afford to pay. Rep. Pat Smith’s [House Bill 517](#) requires Louisiana’s public schools to publish policies regarding school fees and to create a system of hardship waivers for students from poor families aren’t penalized. That bill won unanimous passage through both chambers.

Sen. Barrow Peacock filed [Senate Bill 37](#) to make it easier for school boards and other local governments to use the state’s Office of Debt Recovery (ODR) to pursue outstanding debts. The state has the right to garnish tax refunds, seize bank accounts and request the suspension of professional licenses, and LBP feared that this power would be used against parents who are struggling to afford school meals for their children. At our urging, school lunch debts were amended out of the bill in a Senate committee, but were later added back in on the Senate floor. A floor amendment from Rep. Smith, however, removed debts for school fees before the bill’s final passage.

The Calcasieu Parish School Board, which reported roughly \$100,000 of school meal debt this past year, is the first parish to contract with the state to recover those debts. The same school board recently approved a \$236 million tax break for a liquefied natural gas plant.

Bill Spotlight: Education		
Bills	Why did it matter?	Outcome
SCR 3: Minimum Foundation Funding Formula	The Minimum Foundation Program formula funds public schools, and included a \$1,000 pay raise for teachers, a \$500 pay raise for support staff, and an additional \$39 million for school districts.	Approved by the House and Senate
HB 517: Made fines and fees in public schools more transparent	Fines and fees vary heavily across school districts in both amount and purpose. This bill provides	Sent to the governor
SB 85: Exempts college textbooks from state sales tax	College tuition has increased in Louisiana faster than any other state. Exempting textbooks from sales tax will give our college students some meaningful relief as they continue their studies.	Died in Senate Finance
SB 37: Allows Office of Debt Recovery to pursue debts on behalf of sub-municipal agencies and school boards.	Louisiana’s Office of Debt Recovery (ODR) has extraordinary power to collect debts from ordinary people. The agency can intercept tax refunds, seize funds from bank accounts, and recommend that professional licenses be suspended, among other options. ODR also charges a 25% premium on top of the original debt. This bill allows agencies like city sewer board and school boards to send the state after Louisianans who owe money to their child’s school for meals, who fall behind on water bill payments, or who owe other debts to local agencies.	Sent to the governor

Creating Economic Equity and Mobility

More than [4 in 10 Louisiana households](#) struggle to afford the basic necessities of life, even though the vast majority of these households have at least one person who works. A great way to help these families is to give them a pay raise, and the ability to take time away from work to deal with family emergencies without losing their whole paycheck. But the Legislature turned away efforts to establish a state minimum wage, establish paid family leave, and give local governments the authority to set their own wage and benefit levels.



Public Affairs and Outreach Coordinator Davante Lewis testifies to the benefits of allowing local governments to make decisions on minimum wage and paid family leave.

[Senate Bill 155](#) by Sen. Troy Carter, would have established a minimum wage of \$9 an hour. It would have given a [raise to 215,000 Louisiana workers](#) and pumped \$189 million into the state's economy as low-income workers in retail, hospitality and other service-related jobs spent their new earnings in local businesses. The bill passed out of a Senate committee, but died without a vote on the Senate floor.

[House Bill 422](#) by Rep. Royce Duplessis tried to repeal a state law that bars local governments from deciding what minimum wage and benefit policies should apply to their own communities. The bill had support from the city councils of New Orleans, Shreveport and Alexandria, but was killed in a vote split down party lines in the House Labor and Industrial Relations Committee.

The failure to raise wages - or give that right to local governments - keeps all workers in perpetual poverty disproportionately hurts African-American, Latinx and women workers who are most likely to be hurt by low wages and the lack of workplace protections.

The Senate Labor Committee approved legislation to [establish a comprehensive state-wide paid leave](#) program. But, [Senate Bill 186](#) by Sen. J.P. Morrell stalled in the Senate Finance Committee, despite evidence that it would have [given 80 percent of workers](#) in the state access to an important new benefit at a nominal cost to companies and their employees.

Legislators also rejected an attempt to shield low-income borrowers from long-term cycles of debt by regulating predatory payday lenders.

A bipartisan win for workers was [House Bill 423](#) by Rep. Julie Emerson, which takes away the ability of Louisiana's occupational licensing boards to revoke a person's license if they failed to pay back their student loans.

Bill Spotlight: Economic Opportunity

Bills	Why did it matter?	Outcome
<p>HB 9: Capped expungement fees at \$500 if multiple charges are being expunged from the same arrest</p>	<p>Fines and fees in the criminal justice system disproportionately hurt low-income and minority people. Capping expungement fees at \$500 if all charges resulted from a single arrest makes it easier for people to clear their records and rebuild their lives as productive citizens.</p>	<p>Signed by the governor</p>
<p>HB 422: Allows local government to make decisions on minimum wage and paid family leave (preemption)</p>	<p>Local municipalities are also banned from setting a local minimum wage or paid leave policy which prevents them from addressing economic issues in their communities.</p>	<p>Died in House Labor Committee</p>
<p>SB 85: Exempts college textbooks from state sales tax</p>	<p>College tuition has increased in Louisiana faster than any other state, and fees have escalated as well. Exempting textbooks from the sales tax would reduce the cost of higher education for students and families.</p>	<p>Died in Senate Finance Committee</p>
<p>HB 423: Prevents professional licensing boards from revoking occupation or professional licenses for failure to pay student loans</p>	<p>When professionals lose their occupational licenses, they can no longer work. This severely impedes their ability to catch up on their student loans.</p>	<p>Sent to the governor</p>
<p>HB 528: Caps payday lending interest rates</p>	<p>Payday loans carry triple-digit annual interest rates and trap financially vulnerable borrowers in long-term cycles of debt. A 36% rate cap has proved effective in other states.</p>	<p>Died in committee</p>
<p>SB 136: Prohibits discrimination of employees who disclose wages</p>	<p>If workers are allowed to freely discuss their salaries in the workplace, women are less likely to be paid less than men for the same work.</p>	<p>Died in committee</p>
<p>SB 155: Constitutional amendment to establish a state minimum hourly wage of \$9 an hour.</p>	<p>A \$9 hourly minimum wage would provide a pay raise for 215,000 Louisiana workers and pumped \$189 million into the state economy.</p>	<p>Died on Senate floor</p>
<p>SB 186: Establishes a statewide paid leave program</p>	<p>Many working Louisianans have no access to paid leave for life altering circumstances such as a family emergency or maternity leave.</p>	<p>Died in Senate Finance Committee</p>

Protecting Basic Necessities

The 2016 expansion of Medicaid eligibility has meant that more than [465,000 low-income Louisiana adults](#) now have critical health coverage that allows them to access medical care without going bankrupt. But while the expansion is [popular with the public](#), it continues to be controversial in some corners of the Legislature.

Rep. Tony Bacala, concerned about an audit report that found some people had gained Medicaid coverage despite earning too much money, filed [House Bill 72](#) to grant the Legislative Auditor's office wider authority to access private income tax data from people and corporations that receive public benefits. The bill cleared the House but died in a Senate committee with opposition from LBP.

Rep. Bacala also tried to put time limits on food benefits that people receive through the Supplemental Nutrition Assistance Program (SNAP). [House Concurrent Resolution 82](#) asked the Department of Children and Family Services to restrict food benefits for childless adults who cannot to document at least 80 hours of work a month, every month. Although federal law puts a time limit on SNAP benefits, it also allows states to get a waiver from the limit in areas where unemployment is high. Other than a brief interruption in 2015, Louisiana has qualified for a statewide waiver since the policy has been in effect.

LBP worked with partners at Feeding Louisiana to educate members of the House Health and Welfare Committee about the importance of the waiver for ensuring that Louisiana's low-income citizens have consistent access to food even when they're out of work. The resolution died without a vote.

Legislators also took up health insurance regulation in response to a lawsuit by state Attorney General Jeff Landry and others seeking to overturn the Affordable Care Act (ACA). The suit, which is scheduled to be heard later this year, would have [devastating consequences](#) for Louisianans who are covered through Medicaid expansion or who buy subsidized private coverage on the federal health insurance exchange. The lawsuit could potentially wipe out federal protections that guarantee coverage for people with pre-existing conditions and that keep premiums affordable for older people.

Two bills introduced this session attempted to enshrine some of the federal protections in state law, but neither one of them would address the loss of Medicaid expansion or federal subsidies. Rep. Chad Brown's [House Bill 237](#), which Gov. John Bel Edwards supported, died in committee. Sen. Fred Mills' [Senate Bill 173](#), which Landry supported, made it through the Legislature with broad bipartisan support despite [serious flaws](#). Amendments added to the bill weakened patient protections, provided for the return to a high-risk pool for the uninsured and made it possible for health insurance companies to nearly double premiums charged to older adults.



Senior Policy Analyst Stacey Roussel outlines the shortcomings of a bill aiming to protect consumers in the event the Affordable Care Act is overturned.

Bill Spotlight: Protecting Basic Necessities		
Bills	Why did it matter?	Outcome
HCR 82: Requests that the state time-limit food assistance for some SNAP recipients and create a workforce development program for Medicaid recipients	Louisiana has a waiver from a harsh federal time limit that takes food assistance away from many working-age people unable to document at least 80 hours of work per month, every month. This resolution would have urged the state's SNAP agency to take away that important protection.	Died in House committee
HB 72: Lets the Legislative Auditor access tax records of people who receive public benefits	Programs like SNAP (food stamps) use complicated formulas to determine whether people are eligible, often counting income differently from how it is recorded on state income tax returns. This bill would have allowed the Legislative Auditor to use sweeping searches of state income tax data as the starting point for reports on fraud for any benefit with an income or asset test.	Died in Senate committee
HB 237: Provides some patient protections if the ACA is overturned	If successful, the lawsuit against the Affordable Care Act could take away protections such as pre-existing conditions, lifetime and annual limits on benefits, and community rating rules among others. This bill would have written many of the provisions into state law.	Died in House committee
SB 173: Provides some patient protections if the ACA is overturned. Amendment weakened protections.	Similar to HB 237 in its original form; however, amendments in Senate committee weakened some provisions including the age rating, gave the Commissioner of Insurance considerable power in determining state health insurance benefits coverage, and laid the groundwork for a return to a state run high-risk pool.	Final passage

Moving Forward

Louisiana is often called a “poor” state, but in reality we are a rich state with a lot of poor people. The state’s resource- and tourism-based economy works very well for some people, but far too many families have been left behind. The best way to fix that is by investing in people - through higher wages, stronger infrastructure and high-quality educational options at all stages of life. And a strong Louisiana requires a strong safety net to protect people in times of economic hardship.

All of these things require an adequate, fair and sustainable tax structure, along with policies that support workers and tear down the racial and economic barriers that have kept too many Louisianans from reaching their full potential.

The 2019 Legislature made important new investments that should pay long-term dividends, particularly in education. And they wisely resisted the election-year temptation to cut taxes, which would have quickly returned the state budget to the crisis from which it only recently emerged.

But in far too many areas the Legislature came up short. In a year when all 144 seats in the House and Senate will be on the ballot, the message to voters is simple: We can do better.



Gov. John Bel Edwards signs a bill that extends the age of foster care to 21 for youths who go to college or vocational school, or who are working at least 80 hours a month. LBP and partners supported the legislation.

The Louisiana Budget Project (LBP) monitors and reports on public policy and how it affects Louisiana's low- to moderate-income families. We believe that the lives of Louisianans can be improved through profound change in public policy, brought about by:

- creating a deeper understanding of the state budget and budget-related issues
- looking at the big picture of how the budget impacts citizens
- encouraging citizens to be vocal about budget issues that are important to them
- providing insight and leadership to drive the policy debate

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