MEMBERS:
Senator Michael Reese, *Chairman*
Robert "Bob" Angelico
Roger Bergeron
Jaye Calhoun
Elizabeth Carter
Cade Cole
Jason DeCuir
Christian Fasullo
James A. Richardson, PhD
Joel Robideaux
Secretary Kimberly J. Lewis
Steven M. Sheffrin, PhD

LOUISIANA TAX INSTITUTE
UNAPPROVED MINUTES
APRIL 8, 2021

I. CALL TO ORDER

A meeting of the Louisiana Tax Institute was held on Thursday April 8, 2021 in Hainkel Room at the State Capitol in Baton Rouge, Louisiana. The chairman, Senator Mike Reese called the meeting to order at 10:49 A.M.

II. ROLL CALL

The secretary called the roll and the following was noted:

MEMBERS PRESENT
Senator Mike Reese
Mr. Robert Angelico
Mr. Roger Bergeron
Ms. Elizabeth Carter
Ms. Jaye Calhoun
Mr. Cade Cole
Mr. Jason DeCuir
Mr. Joel Robideaux
Secretary Robinson
Dr. Steven Sheffrin

MEMBERS ABSENT
Dr. James Richardson
Mr. Christian Fasullo

STAFF MEMBERS PRESENT
Leonore F. Heavey, Chief Revenue Counsel
Shannon C. Simpson, Senior Secretary
Anita Carr, Administrative Secretary (streamer)

Mr. DeCuir offered a motion to adopt the minutes of March 26, 2021. There being no objection, the minutes of the meeting of March 26, 2021 were adopted/approved.

DISCUSSIONS:
    Review and discuss 2021 Regular Session tax policy reform.

Mr. Luke Morris discussed that in 2015 congress passed a bipartisan budget bill that provided a new partnership tax audit structure for the Internal Revenue Service. It allows that, in the scope of how a partnership works, it's a pass through entity, so partners themselves pay the tax, the partnership just simply flows it through via their K1 to their underlying partners, and those partners pay taxes at their individual level. When congress made this reform at the federal level, it allows the IRS to do a partnership level audit, and instead of potentially having to adjust thousands of partners' individual income tax returns, they are able to make the adjustment at the partnership entity level.   Instead of bringing in all of these different partners, it allows the IRS and the partnership to work through the differences of whatever the audit adjustments are. Once those are agreed upon, the partnership can actually pay that tax, whereby it is different from the normal, where the partnership generally does not pay tax. It is an election by the partnership, they do not have to do this if they want each of their individual partners to go through an audit process. There has to be a separate federal and state election of the partnership and the state election has to be made within 90 days of the completion of the IRS audit.

Mr. Morris discussed handout "Senate Bill 160 -Streamlining State Partnership Audits."   (See attached handout.)

Mr. Cade Cole and Mr. Morris discussed the mechanism of the election. The election is irrevocable, with specifics to the review year. If the partnership is audited for a different cycle, that election runs separate.

Mr. Cole and Ms. Calhoun discussed an automatic "piggy-back" off of the federal election.

Mr. Robideaux discussed making estimated payments and how it would affect the election by the partnership.

Mr. DeCuir discussed Senate Bill 160 being vetted with the national level stakeholders.

Mr. Angelico and Mr. Morris discussed if Senate Bill 160 will affect the Department of Revenue's current procedures and future procedures to audit a partnership, whereby the IRS has not audited that partnership.

Secretary Lewis discussed changes to the "agreed to" model of Senate Bill 160 and Louisiana specific changes. There were no changes to the substance of the bill, there were technical changes made.

Ms. Calhoun discussed SB160 whereby it gives Louisiana taxpayers an option to conform somewhat to what the federal government is doing in a more efficient fashion.

Mr. Gitz discussed SB160 and the stakeholders providing positive reviews.

Mr. DeCuir made a motion that the Louisiana Tax Institute to endorse the concept in Senate Bill 160, subject to giving Mr. Morris some latitude to continue to work with the stakeholders.

Senator Reese discussed two amendments to SB160, on page 2, line 4, changing the 4th month to the 5th month. Also, giving the state the option to offer this election in a partnership audit.

Mr. DeCuir offered a motion for the Louisiana Tax Institute to endorse SB160, 2021 RS in general principle**. There being no objection, SB160, 2021 RS was endorsed by the Louisiana Tax Institute in general principle.**

Senator Reese discussed SB160 will improve Louisiana's scoring.

Senator Reese discussed a handout, "Sales Tax Recommendations."

Ms. Leonore Heavey discussed "Sales Tax Recommendations" handout whereby the content for handout was taken from the report of the *Task Force on Structural Change in Budget and Tax Policy.* It was divided into tax type, and then divided further by recommendations. (See Attached handout.)

Mr. DeCuir discussed the Tax Law Institute meeting during session.

Mr. Robideaux suggested preparing a memo from the Louisiana Tax Institute to the legislators advising of its existence and they being able to relay issues for input in contemplation of legislation being filed. The Institute can be a resource to the legislators.

Dr. Sheffrin discussed the constitutional amendment bills and the Institute having the appropriate opportunity to be able to endorse the bills before it goes out to the voters so it has the Institute's approval.

Mr. DeCuir discussed ballot language on the constitutional amendment bills.

Witnesses:
Information Only
Luke Morris, Louisiana Department of Revenue
Ron Gitz, Society of Louisiana CPAs

V.   CONSIDERATION OF ANY OTHER MATTERS THAT MAY COME BEFORE THE COMMITTEE

VI. ADJOURNMENT

There being no further business before the committee, Mr. DeCuir moved to adjourn. Without objection, the meeting adjourned at 11:52 AM.

Respectfully submitted,

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Senator Mike Reese, Chairman

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Approval Date