2021 Regular Session of the Louisiana Legislature

REPORT CARD

A YEAR OF RESET POLICY AGENDA PROGRESS

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INTRODUCTION

RESET is a targeted, nonpartisan effort led by the Committee of 100 (C100), the Council for A Better Louisiana (CABL), and the Public Affairs Research Council (PAR) focused on four state policy issues: education, state finance, criminal justice, and transportation infrastructure.

The RESET project is a formalized continuation of decades-long collaborative relationships between C100, CABL, and PAR to identify and advance well-researched public policy recommendations designed to improve the economic vitality and quality of life in Louisiana.

RESET is a powerfully unique voice committed to the ongoing improvement of state public policy that leverages the long-term work and investments of these three groups. Some examples include the following:

- **C100**
  - *2015 Guide to Comprehensive Tax Reform in Louisiana* developed in collaboration with the nationally recognized Tax Foundation

- **CABL**
  - *Advancing Opportunities for Louisiana’s Students*, a guide to state education policies

- **PAR**
  - *Start Strong! The Case for Priority Investment in Louisiana Early Childhood Programs*

- **Louisiana Constitutional Reform Part I: Getting the Foundation Right**

- **Louisiana Constitutional Reform Part II: An Enduring Fiscal Framework**

RESET began in 2019 with a successful yearlong effort that included developing a priority set of state policy recommendations (the RESET policy agenda), implementing a statewide paid and earned media campaign, and holding outreach forums designed to introduce the RESET agenda to legislative and gubernatorial candidates, and supportive business and community organizations across the state. Our 2019 campaign raised policymaker and public awareness of, and support for, the RESET agenda.

As 2020 began, the stage was relatively well set for a re-elected governor and a new legislature to begin making good on their campaign promises including several significant components of the RESET agenda. The budget was good, the economic outlook was even better, and the political rhetoric was turning more positive and cooperative in tone.
However, the 2020 regular session was barely underway when the stark reality of COVID-19 ended all opportunities for significant policy change discussions and actions. The RESET team was invited to join Louisiana’s COVID recovery efforts and contributed its insights and recommendations to recovery panels led by the administration and legislature.

In the fall of 2020, the RESET team began meeting with legislative leaders and the administration in preparation for the 2021 regular session. Fall meetings such as these were mostly filled with optimism and commitments to fight for positive change. Too often the optimism fades and the commitments weaken as the new legislative session approaches.

But 2021 was different. A lot different. The RESET motto is NOTHING CHANGES WHEN WE WAIT and this RESET report card proudly and gratefully reports that the Louisiana Legislature, despite all the remaining COVID uncertainties, did not wait in 2021. Instead, substantial public policy improvements were delivered in education, state finance, criminal justice, and transportation.

This report card highlights the 2021 legislative achievements that mark real progress toward these RESET agenda policy goals.

- Creating a Fair and Competitive Tax Environment
- Making Transportation Infrastructure an Asset
- Building an Efficient Criminal Justice System that Improves Public Safety
- Sending All Children to Kindergarten Ready to Learn
- Advancing K-12 Education Policies that Work
- Building the Talent Pool in Louisiana
The persistent effort, approximately 10 years long, which focused on creating a fairer, more competitive tax environment in Louisiana produced significant legislative wins in 2021. Major pieces of legislation passed creating a “tax swap” dealing with individual and corporate income and franchise taxes. As a result, corporations and individuals would be assessed at lower income rates but lose the deduction for federal income taxes paid on state income tax returns. The individual tax brackets will change from 2 percent to 1.85 percent on the first $12,500 of net income, from 4 percent to 3.5 percent on the next $37,500, and from 6 percent to 4.25 percent on net income in excess of $50,000, and set the rates in statute, meaning the legislature can change them in the future.

The five different corporate tax rates will be reduced to three brackets, dropping from a high of 8 percent to 7.5 percent on income above $150,000 and to lower rates at lower income levels. The corporation franchise tax rate will be reduced from $3/$1,000 on taxable capital above $300,000 to 2.75 percent beginning in 2023. The legislation also extends the suspension of the tax on the first $300,000 of taxable capital for small businesses (a corporation with less than $1 million in taxable capital) until that time. Together, these measures are intended to increase economic development in the state.

Implementation of these legislative wins will require changes to the Louisiana Constitution and therefore a vote of the people in the fall. All constitutional amendments are scheduled to be on the ballot for the October 9 election, which also will have some local elections, the biggest draw of which will be for the mayor of New Orleans.

The legislature also passed a significant bill that will serve as the foundation for a streamlined state and local sales and use tax collection system. This is another reform that has been pursued for years without success until this past session. When fully implemented, sales tax streamlining will greatly aid the state economy by reducing an enormous financial and administrative burden on Louisiana companies, particularly small businesses.

RESET is currently developing plans to actively support the constitutional amendments necessary to secure these important advancements toward a fairer, more competitive tax environment in Louisiana.

The specific bills supported by RESET included the following.
**STATE FINANCES / TAXES**

**HB 278 (Act 395) Bishop**
Reduces the tax rates for the purpose of calculating individual income tax liability and eliminates and modifies certain tax deductions.

**HB 292 (Act 396) Riser**
Repeals the income tax deduction for federal income taxes paid for purposes of calculating corporation income tax.

**SB 159 (Act 134) Allain**
This constitutional amendment reduces the maximum rate of individual income tax and provides for a federal income tax deduction.

**SB 161 (Act 389) Allain**
Extends the termination date of the exemption from corporate franchise tax for small business corporations.

**HB 199 (Act 131) Schexnayder**
This constitutional amendment creates the State and Local Streamlined Sales and Use Tax Commission.

**SB 157 (Act 383) Allain**
Exempts certain mobile workers from individual income tax and their employers from withholding tax. The exemption applies to nonresident workers employed in the state for 25 or fewer days, but does not apply to professional athletes, entertainers, or public officials.
TRANSPORTATION INFRASTRUCTURE

The legislature passed the first major increase in state-funded infrastructure revenue in more than 30 years, without raising taxes. New resources will flow from a phased-in dedication of vehicle sales taxes to a special infrastructure fund, keying into mega-projects, as well as bridge repairs and road maintenance. The total pot eventually will represent about $300 million annually and will not rely on the less predictable revenue stream from the fuel tax. However, these revenues are currently part of what funds higher education and health care, so we will need to support new ways to grow our economy, reestablish priorities, or further reform our fiscal system to address this shift in funding.

The following bill was supported by RESET.

HB 514 (Act 486) Magee

Shifts, over a period of years, the sales tax generated on vehicles to the Construction Sub Fund of the Transportation Trust Fund. The shift will begin in 2023 and will transfer over a few years an increased percentage of vehicle sales tax revenue – up to 60% of all funds – to the Sub Fund for exclusive use on construction of transportation infrastructure projects. When fully implemented, this dedication is expected to generate approximately $300 million in new annual funds for infrastructure and will likely grow over time, commensurate with increases in the cost of vehicles.

The legislation also requires that 75% of the funds shall be allocated to capacity projects while 25% shall be allocated to preservation projects. Several projects are prioritized in the legislation including the following.

- New I-10 Calcasieu River Bridge at Lake Charles
- New Mississippi River Bridge at Baton Rouge
- Upgrades to US 90 to interstate standards from Lafayette to New Orleans
- Upgrades to I-49 North where not yet upgraded
- Widen I-12 to six lanes from Baton Rouge to Mississippi state line where not upgraded
- Widen LA 28 East to four lanes from Libuse to Holloway in northeast Louisiana
- Widen I-10 to eight lanes from Williams Boulevard to Veterans Boulevard in Kenner
- Widen I-10 to six lanes from LA 30 to LA 22 in Ascension Parish
- Addition of auxiliary lanes and noise mitigation on I-10 from the High-Rise Bridge to the intersection of I-10 and Bullard Avenue in Orleans Parish
The bipartisan effort to implement meaningful criminal justice reforms in Louisiana delivered an array of state policy reforms again this year including expanding earned sentence reductions, lessening the burden of probation and parole fees, piloting a new re-entry transition program, and the decriminalization of small-amount possession of marijuana, each of which is designed to avoid unnecessary burdens on our system and enhance the path to re-entry.

The following bill was supported by RESET.

**HB 32 (Act 5) Selders**
Increases the total number of credits that may be earned by an offender upon earning a bachelor’s degree or master’s degree.

**HB 77 (Act 61) Marino**
Authorizes the court, after a defendant’s fourth or subsequent conviction of a noncapital felony, to suspend the imposition or execution of a sentence upon consent of the district attorney.

**HB 232 (Act 124) Marino**
Removes the restriction that discharge and dismissal of prosecution relative to misdemeanor convictions may occur only once with respect to any person during a five-year period.

**HB 248 (Act 125) James**
Provides that when the court places a defendant on unsupervised probation, it shall order a condition of probation a monthly fee of not more than one dollar to DPSC or the probation office.
CRIMINAL JUSTICE & PUBLIC SAFETY

HB 271 (Act 304) Marcelle
Authorizes DPSC to create the Transitional Residential Pilot Program for female offenders, subject to the availability of funds and appropriate resources.

HB 406(Act 235) Bishop
Provides relative to the presence of the defendant in misdemeanor prosecutions.

HB 652 (Act 247) Glover
Provides that when the court places a defendant on unsupervised probation, it shall order a condition of probation a monthly fee of not more than one dollar to DPSC or the probation office.
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Massive federal recovery funding appeared to substitute temporarily for direct state funding of early childhood care and education programs, leaving more work to be done in this area. But lawmakers took several steps to improve early education opportunities in Louisiana by passing legislation to make kindergarten in Louisiana mandatory and dedicating 25% of future proceeds from sports wagering, capped at $20 million.

In response to requests from the legislature, BESE approved more than $30 million from various one-time federal relief funds to expand access to early care and education to economically disadvantaged families. While this represents a significant investment, the state’s Early Childhood Care and Education Commission has recommended an investment of $86 million per year for 10 years to address early education needs in Louisiana. As federal funds are depleted, it is up to the legislature to take the bold action required to make early education the priority that RESET believes it must be.

The following bill was supported by RESET.

**SB 10 (Act 386) Fields**
Requires full-day kindergarten attendance for children five years of age on or before September 30 and passage of a readiness assessment prior to entering first grade.

**SB 142 (Act 435) Ward**
Provides for the disposition of funds generated by sports wagering. It commits 25 percent of sports betting revenues up to $20 million to the Louisiana Early Childhood Education Fund.
There was a major focus on early literacy this session and lawmakers passed initiatives that will help improve reading and the teaching of reading in grades K-3, along with a framework to assist struggling students in later grades. There were also measures to provide additional tutoring and support for students and expand certain school choice options. Teachers received an $800 pay raise.

The following bill was supported by RESET.

**HB 85 (Act 415) McKnight**
Establishes the Steve Carter Literacy Program which would provide up to $1,000 per year for extra assistance to public school students in grades K-5 who are struggling with reading. Implementation of the program is subject to appropriation of state dollars or available local funds.

**HB 421 (Act 400) Emerson**
Authorizes the establishment of learning pods as extensions of public schools for the purpose of small group instruction.

**HB 280 (Act 196) Edmonds**
Expands school choice options by removing the enrollment cap for certain schools participating in the Student Scholarships for Educational Excellence Program for non-public schools and increases accountability.

**HB 211 (Act 420) Wright**
Provides parents more information about opportunities for students in D and F schools to transfer to higher-performing schools. It also allows students whose transfer requests were denied by the local school district to appeal to BESE.
K-12 EDUCATION

HB 38 Edmonds (Vetoed by Governor)
Provides additional transparency by requiring that local school board information be accessible on the Louisiana fiscal transparency website known as the Louisiana Checkbook.

SB 216 (Act 108) R. Mills
Requires each K-3rd grade teacher and each principal and assistant principal to complete a foundational literacy skills instruction course approved by the state Department of Education. This course will include enhanced training in phonemic awareness, phonics, fluency, vocabulary, and comprehension.

SB 222 (Act 438) Hewitt
Requires DOE to develop a comprehensive early reading program for schools including literacy assessments for students in grades K-3, enhanced teacher preparation based on the science of reading, targeted interventions, and quality textbooks, all at no cost to the school.

SB 234 (Act 294) McMath
Requires public schools through 2023 to provide expanded academic support to students in grades 4-8 who failed to achieve mastery on any statewide assessment and requires school boards to submit an education plan and budget to DOE.
Higher education and workforce training saw some important advances this session. The M.J. Foster Promise Program will help thousands of working-age adults upgrade their skills by providing financial aid at the state’s community and technical colleges. TOPS was fully funded, increased investment in the needs-based Go Grants program will serve more economically disadvantaged students than ever, and changes in state law will allow the sharing of data to evaluate and improve programs that prepare students for postsecondary education and the workforce. Overall, higher education received more than $100 million in new investment, the largest increase in more than a decade.

The following bill was supported by RESET.

**SB 148 (Act 457) Cortez**

Creates the M.J. Foster Promise Award Program to provide financial assistance to working-age students who enroll in a qualified program at a technical or community college. The award is capped at $3,200 per year or a total of $6,400 per recipient and targets high-demand, high-wage occupations aligned to Louisiana’s workforce priorities. It received an appropriation of $5.5 million.

**HB 711 (Act 407) Garofalo**

Allows the sharing of data between the Louisiana Department of Education and the Board of Regents to better understand the effectiveness of various education initiatives in ensuring that students graduate and enroll in postsecondary education.

**HB 459 (Act 474) Frieberg**

Provides relative to the reporting and sharing of occupational and employment information. It requires an employer to report occupational information to the Louisiana Workforce Commission to include Standard Occupational Classification codes and job titles of each employee. Its goal is to better understand where postsecondary students enter the workforce.
WHAT'S NEXT FOR RESET?

Stay Tuned. The RESET team is currently formulating a plan in conjunction with legislative leadership and other good government groups to support the fiscal reform amendments on the October 9th ballot this fall.

The RESET team will also begin meeting with legislative leaders and the administration in the coming weeks and months for the purpose of discussing RESET agenda issues and identifying priorities for the 2022 regular legislative session.

Much remains to be done to achieve the ambitious goals of the RESET agenda, including:

- Making early childhood a funding priority.
- Transforming our high schools to create better connections to postsecondary education and the workforce.
- Achieving real progress in transforming state retirement systems for this new era of workforce and market competition.
- Continuing the practical improvements to our criminal justice system.
- Building on this year’s tax reform successes with additional practical changes that make Louisiana’s tax environment fairer and more competitive.
- Simplifying the State Constitution to increase fiscal flexibility, improve tax and spending policies, and modernize state and local relations.

RESET will develop and publish its 2022 Legislative Priorities in January.