

# LOUISIANA STATE SENATE

SENATE DISTRICT OFFICE  
600 Main Street  
Suite 1  
Franklin, LA 70538  
Office: (337) 828-9107  
Office: (985) 850-2738  
Fac: (337) 828-9108  
Email: allainb@legis.la.gov



COMMITTEES:  
Finance, Vice Chairman  
Select Committee on Coastal Restoration  
and Flood Control, Chairman  
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Rural Development  
Commerce, Consumer Protection and  
International Affairs  
Natural Resources  
Joint Legislative Committee on the Budget

## R.L. "BRET" ALLAIN II Senator - District 21

Dear Friend,

The historic significance of the last year in Louisiana's political and economic history will be talked about for many years to come. Two factors came together and formed a perfect storm for the budgets of our state's families and our state's government.

For many years, Louisiana's fiscal house never seemed to match the pace of its economy. In the decade leading up to the crash in oil prices nearly two years ago, our state's economy saw some of its best times. The state budget, however, always seemed to be a work-in-progress with gaps left to fill.

This budget instability during good times became nearly disastrous when the oil and gas sector was dealt its downturn. The Legislature, newly-elected in 2015 along with our governor, faced a difficult reality when taking office in January. The evidence was clear that the same-old approach was not an option anymore.

Hard decisions were made this year to set Louisiana on a course for budget stability in the years to come. Of the many changes that have taken place recently, a couple stand out that require explanation.

- The Legislature enacted a temporary 1% increase in the state sales tax to balance the budget. Without this measure, not enough revenue would have been available to make sure services such as those for the elderly and disabled were covered. Also, various exemptions were removed temporarily to help address the shortfall. The temporary nature of this additional 1% is important. Reforming the state budget was never going to be an overnight fix. The fact that this increase expires in two years is incentive for both the Governor and the Legislature to work on true budget reform in the fiscal session of 2017.
- The difficult decision of reducing TOPS, one of our state's most popular programs, was not an easy one. As in years past, the battle between healthcare and higher education was front and center. In the end, the needs of our healthcare system were met along with most of those of our higher education institutions. Our schools simply could not handle the burden of more cuts without drastically changing their offerings and missions. The TOPS reduction amounts to about 30%, the first major cut in the program's history. The Legislature also pushed this cut to the spring semester of 2017 so that students have the ability to plan for this scenario. During these times of reform, the Legislature will look for ways to make this burden a temporary one as well.

In addition, the Legislature passed SCR 6 and created a task force to study the impact of the inventory and offshore vessel tax credit on the state budget. For years, a main driver of our deficits has been the hundreds of millions of dollars committed to reimbursing businesses for these liabilities. Structural budget reform will have to address the balance that must be struck between the needs of our business community and the needs of the local governments that rely on this revenue. ACT 681, a proposal to lower the threshold at which the Legislature can make across-the-board cuts to respond to sharp decreases in the state's revenue, was also passed. In depressed economic times, the Legislature should be empowered to act quickly to reduce spending as projections change.

In conclusion, there is no way to sugarcoat or explain away the difficult decisions made by the Legislature. Increased taxes and cuts to programs and services, even if temporary, are not a preferable course for anyone serving in the State Capitol. Simply put, an honest conversation needed to take place regarding our state's future. The numbers simply did not add up to balancing a budget using the practices of the past.

And most importantly, making these difficult choices is what you sent legislators there to do, and that opportunity and honor is not taken lightly. While the past couple of years have not been our state's brightest, I am confident that the foundation laid this year will lead to an improvement in our state's budget when our economic situation inevitably improves. There is no question that better days are ahead.

Thank you for your time, and please contact me with any questions or concerns you may have.

All the best,

A handwritten signature in black ink, appearing to read "Bret Allain", with a large, stylized initial "B" and a long horizontal flourish extending to the right.

**Senator Bret Allain**