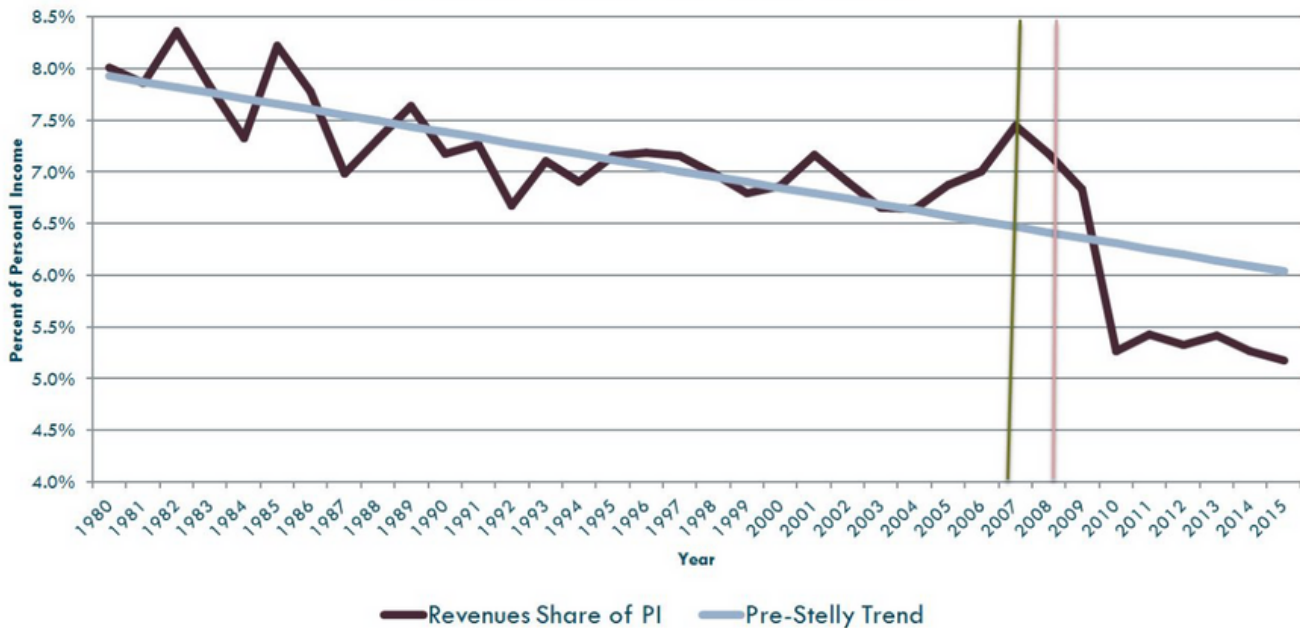


Total Louisiana tax revenues as percentage of total personal income dropped sharply after Stelly repeal



Source: Louisiana Legislative Fiscal Office, BEA via LSU Center for Energy Studies
Lines indicate dates of first and second phases of Stelly repeal



ELEMENTS OF REFORM

Louisiana's tax system is broken. It doesn't bring in enough revenue to pay for the things that allow communities to thrive- strong schools, good hospitals and public safety. It taxes people with low incomes at higher levels than the rich. It doesn't keep up with economic growth. And it's riddled with special-interest exemptions and tax breaks.

It's time to trade the never-ending cycle of budget shortfalls for long-term stability that allows for new investments in Louisiana's communities. It can only happen with fundamental tax reform that meets some basic principles: **Fairness, Adequacy, Competitiveness, Timeliness, and Sustainability.**

- Eliminating the deduction for federal taxes paid. Louisiana is one of only three states with this tax break. It costs the state nearly \$1 billion per year, and more than half the benefits flow to the richest 5 percent of households.
- Eliminating the "excess itemized" deduction that mainly goes to high-income households that itemize their federal taxes.
- Lowering the state sales tax from 5 percent to 4 percent. Louisiana's sales taxes are the highest in the country.
- Doubling the Earned Income Tax Credit that encourages and rewards work.