

# Taxes

Louisiana should provide a fair, simple and competitive tax environment for individuals and businesses that produces sufficient and stable revenue for essential government operations and services.

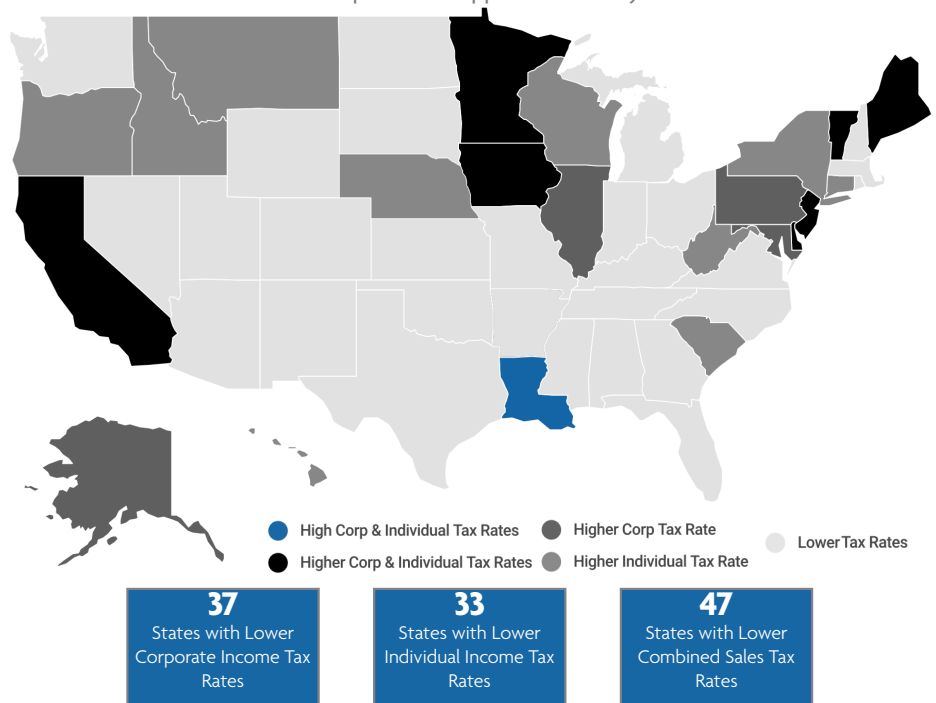
**Create a Fair and Competitive Tax Environment**

## The Challenge

On the state and local levels, Louisiana's tax and revenue structure is not a comprehensively integrated or simple code but a system that has failed to adapt strategically to changing circumstances. It lacks a broad base and therefore resorts to high rates. Even though its overall tax burden is comparatively low, Louisiana has an uncompetitive tax structure compared to states in the south and central regions of the country.

Louisiana is relatively unattractive to companies that have capital wealth. Income and sales tax rates are relatively high while the number and size of exemptions, deductions, exclusions and credits are large. Many businesses are disadvantaged by uncompetitive tax rates and a burdensome, decentralized sales tax collection and auditing system. Local governments are denied an appropriate level of flexibility and are too dependent on the sales tax, which relies on an outdated and narrow base.

Louisiana Comparison of Upper Tax Rates by State



Source: The Tax Foundation

## The RESET

Louisiana should create a competitive tax environment with lower rates and more stability for individual and business income, with fewer exemptions and deductions. The franchise tax should be a thing of the past. Capital expenditures should be encouraged. Louisiana should offer a modernized, uniform system of sales tax administration, collection and auditing. Local governments should have greater flexibility for their revenue base and put more emphasis on property taxes. Louisiana should minimize tax credit programs without a return on investment.