



May 24, 2018

Dear Member of the Louisiana Legislature,

As you begin the Special Session to address a \$648 million General Fund shortfall for the next fiscal year, National Taxpayers Union (NTU) urges you to adhere to fiscal responsibility and stand opposed to any tax increase. Rather than impose a higher tax burden on hardworking Louisianans, NTU strongly encourages you to bring spending in line with projected revenue.

NTU recognizes the severity of Louisiana's fiscal situation and is cognizant of the details that has led to this position. This situation was caused by Louisiana's rapid spending growth and not by a lack of revenue. Lawmakers must enter deliberations with the goal of addressing structural spending issues rather than raising taxes. If lawmakers follow that approach, we strongly believe this Special Session can truly yield meaningful reforms for Louisiana that promotes the interests of taxpayers.

Governor Edwards' central recommendation for a half-percentage point increase to the states sales tax should be a nonstarter. An increase from 4 percent to 4.5 percent amounts to a 12 percent increase on working families. Additionally, the plan broadens the sales tax base by applying it to a number of items not currently subject to the tax. The only exemptions proposed by the Governor are those that are mandated under the Louisiana Constitution, such as groceries, prescriptions and utilities. Unfortunately, lawmakers on both sides on the aisle have followed the Governors' lead by proposing a series of more aggressive sales tax increases. These [include](#) a permanent hike in the sales tax to 4.75 percent, and a permanent increase to 5 percent.

According to [research from the Pelican Institute](#), increasing the state sales tax by 0.5 percent, as proposed by the Governor, would lead to a net loss of 2,800 jobs and decrease the state's GDP by \$173 million. Worse yet, a higher sales tax burden will fall heaviest on lower-income consumers who spend a greater share of their income.

Lawmakers must also refrain from passing legislation that would collect sales tax on goods purchased online, increase "sin" taxes, or adjust tax rates upward on individuals or businesses.

While there will be many proposals that could harm taxpayers, some lawmakers have already introduced legislation that would reduce burdens on taxpayers and improve Louisiana's fiscal outlook. [Legislation](#) introduced by Rep. Barras would add an amendment to the state constitution capping the rate of spending, an important protection for taxpayers concerned with Louisiana's history of overspending. There is also [legislation](#) that cuts in half the cap on motion picture production tax credits from \$150 million to \$75 million. These credits are a wasteful, market-distorting giveaway to a wealthy industry that returns only pennies on the dollar to the state treasury.

There is no question Louisiana faces a serious budget challenge, but proposals introduced by the Governor and some members of the legislature are irresponsible. Lawmakers must make tough choices for spending reform and positive changes to the state's budget. Accordingly, NTU strongly urges you to prioritize taxpayers and reject some of these ill-conceived cash grabs.

Sincerely,

Thomas Aiello

Policy and Government Affairs Associate