



May 27, 2008

An Open Letter to the Louisiana State House of Representatives: Support Income Tax Cuts

Dear Representative,

On behalf of the more than 3,200 Louisiana members of the National Taxpayers Union (NTU), I urge you to support efforts to significantly reduce – or even repeal – the state’s income tax. The Senate was on the right track when it passed SB 87, and you can advance the dialogue over pro-growth tax policy by quickly approving income tax relief legislation as well.

While all types of taxes can harm a state’s economic health, the income tax causes the most economic damage per dollar collected. It penalizes workers for working harder, longer, or smarter, and it penalizes investors for providing the capital improvements that make workers more productive. Louisiana’s individual income tax rate is higher than the average rate levied by other states, and we hope you’ll agree it is a ripe target for reduction.

Our members enthusiastically support the immediate rollback of the 2002 “Stelly Plan,” a move that would save taxpayers an estimated \$297 million. That’s real money families could use to cover everyday living costs or even rebuilding expenses. According to Louisiana demographer and political analyst Elliott Stonecipher, allowing residents to keep more of what they earn will provide a key incentive for individuals to come back to live and work within the Pelican State.

A complete removal of the income tax shouldn’t be dismissed out of hand. Many states (including Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming) have completely protected their residents’ income from the Tax Man. They have succeeded in creating a dynamic economy while still funding state functions. In Louisiana’s case, a phase-out of the income tax over a number of years could allow for gradual adjustments in the state budget. Either way, tax reductions need to be implemented sooner rather than later if Louisiana wants to enjoy the boon from forward-looking fiscal policy without delay.

It’s up to you to ensure that Louisianans receive the pro-growth tax policy they deserve. The passage of significant income tax cuts – or outright repeal – would demonstrate a commitment to making Louisiana a more family-friendly and business-friendly place to live and work.

Sincerely,

Kristina Rasmussen
Director of Government Affairs

cc:

Governor Bobby Jindal
Louisiana State Senate