



Louisiana Budget Project

PROVIDING INDEPENDENT,
NONPARTISAN research and analysis
of Louisiana fiscal issues and their
impact on low and moderate
income residents.

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Expanding Louisiana's Sales Tax Raises \$141M in Revenue

(Baton Rouge – April 26, 2011) The Louisiana Budget Project has released a new paper that discusses expanding the services that are subject to Louisiana's 4 percent tax. This is the fifth in a series of six revenue proposals aimed at offering balanced, transparent solutions to Louisiana's fiscal crisis.

Personal services are among the fastest-growing areas of consumption. Louisiana's sales tax, however, does not apply to many popular personal services such as cable television, gardening services and landscaping, pet services, haircuts and music downloads. Updating Louisiana's state sales tax to include more personal services would raise additional revenue to protect critical services such as education and healthcare.

"Louisiana's sales tax has not kept up with the times," said Edward Ashworth, Director of the Louisiana Budget Project. "Louisiana has a severe revenue problem, not a spending problem, caused by the largest tax cuts in state history in 2007 and 2008. Instead of continuing to cut services vital to the state's future, Louisiana can gain much-needed revenue by modernizing the state sales tax."

According to an analysis by the Institute on Taxation and Economic Policy, Louisiana would generate over \$141 million in additional revenue if it modernized its sales tax to include personal services.

The Louisiana Budget Project says increasing this sales tax would be an "equal opportunity" tax; Louisianans of all income levels would pay a portion of the increase. Although everyone would pay some, no group would pay a lot.

Updating this sales tax is another example of better choices Legislators can make for Louisiana's fiscal future. Not only will it make our state tax system more equitable, it would also provide additional revenue to protect basic public services and investments needed for a strong economy.

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The Baton Rouge-based Louisiana Budget Project provides independent research and analysis of Louisiana fiscal issues and their impact on low- and moderate-income residents.

For a copy of the full report and more information on LBP, visit www.labudget.org and read [Expanding Louisiana's Sales Tax - A Little from Everyone Means a Lot for Louisiana](#).

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