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Applying income tax to social security raises \$104 million

A new report by the Louisiana Budget Project proposes applying Louisiana's income tax to Social

Security to generate \$104 million in much needed revenue to help support struggling programs and services such as education, public safety, and other vital programs. This is the final paper in the series of six revenue proposals aimed at offering balanced, transparent solutions to Louisiana's fiscal crisis.

"Louisiana needs to pull its budget out the ditch," says Edward Ashworth, Director of the Louisiana Budget Project. "Public needs have been growing. Due to the largest tax cuts in Louisiana history in 2007 and 2008, which the Governor championed, the state no longer has sufficient revenue to meet those needs."

The Governor's solution to this revenue problem has been to slash spending for higher education, human welfare programs, economic development, and infrastructure. It has not worked. The state still faces a \$1.6 billion revenue shortfall in the up-

coming fiscal year.

"The Governor's cut-only strategy is doing long-term damage to our state. We need a balanced approach to solving the fiscal crisis, one that includes additional sources of revenue," Ashworth said.

According to the Louisiana Budget Project only 10 percent of Louisiana residents would see their taxes increase from this policy change. Those with incomes up to \$31,000 would pay no additional taxes.

"There are better choices to be made, continued Ashworth. "Enacting this tax on Social Security will help solve our fiscal crisis in a responsible way without future damaging programs and institutions vital to Louisiana's future."

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.