

Cliff notes: Louisiana is still a low tax state

Most people don't like paying taxes. But people in Louisiana pay less in state and local taxes than residents of other states, on average. This is important to keep in mind as policymakers consider reforms to the state tax structure.

In 2016 Louisiana ranked 40th among states in general fund revenue per capita. The general fund is made up of money raised mostly from state sales, income and severance taxes. General fund dollars are allocated toward important state programs, with [more than three-quarters](#) going to health care, human services and education. In 2017 Louisiana moved up to 32nd place in per-capita revenue, mainly due to \$1.38 billion in temporary revenue measures that expire on June 30.

While Louisiana ranks in the bottom half of states in state revenue collected, state residents also pay relatively low local taxes. This is mainly due to our residential property taxes, which are the [3rd lowest in the country](#). Neighboring Texas, which Louisiana lawmakers often make [comparisons](#) to, has the 6th-highest residential property taxes in the nation.

2016 state general fund revenue per capita for select states



Source: LBP analysis of National Association of State Budget Officers & U.S. Census Bureau data

2017 state general fund revenue per capita for select states



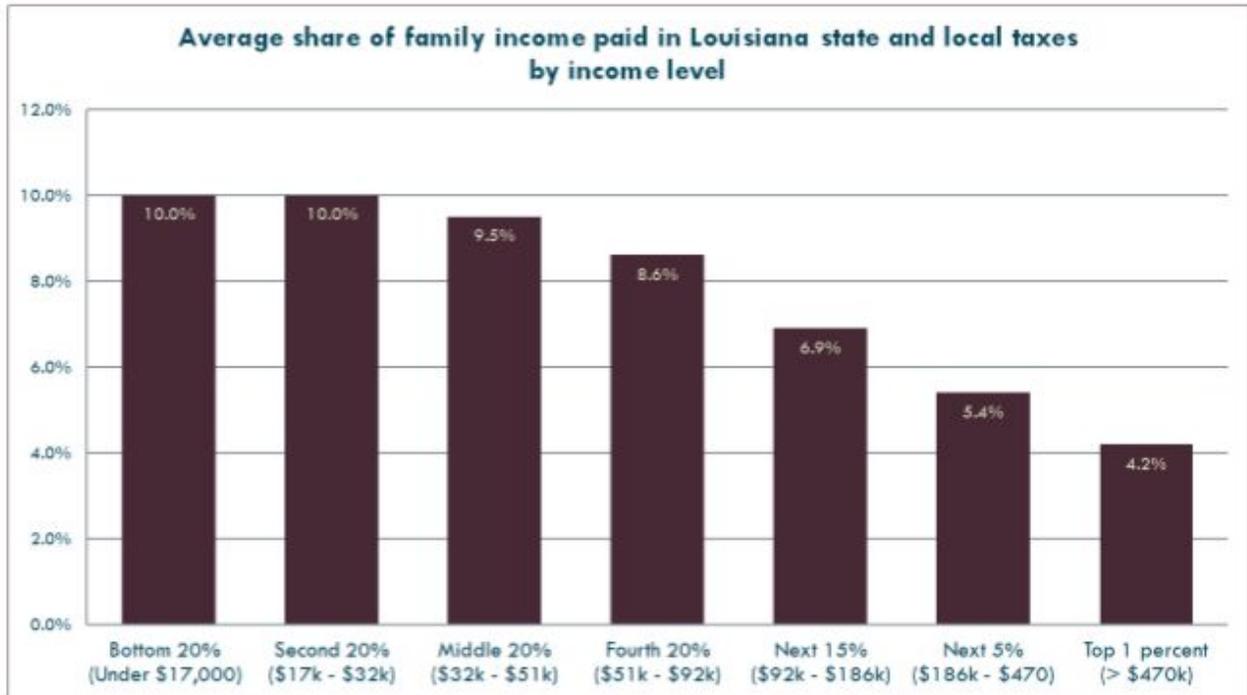
Source: LBP analysis of National Association of State Budget Officers & U.S. Census Bureau data

According to the Tax Foundation, Louisiana has the [6th lowest](#) combined state and local taxes of all states. Notably, Louisiana has low personal income taxes, one area legislators could look to raise funds to support important priorities like health care, higher education and K-12 schools. Louisiana's income taxes paid per capita are the 39th highest in the country. Corporate income taxes are even lower, coming in at 43rd across the country.

According to the [2017 Louisiana survey](#), majorities of Louisianans believe that upper-income individuals and corporations are not paying their "fair share" of taxes.

However, Louisiana does have the highest combined state and local sales tax rate. While the temporary one-penny state sales tax is a part of this, the No. 1 ranking is driven by higher-than-average *local* sales tax rates (to make up for the low property taxes at the local level). Looking at the state portion of the sales tax in isolation, Louisiana's sales tax rate is 33rd-highest in the country. Because all people, regardless of income, pay the same sales tax rate and lower-income people use a higher proportion of their income on purchases, the sales tax hits those at the bottom and middle of the income spectrum harder than those at the top.

The combination of high sales taxes and low income taxes leads to a [“regressive” tax system](#). Analysis from the Institute on Taxation and Economic Policy (see graphic below) shows that low and middle-income Louisianans pay twice the effective tax rate of the richest 1 percent in the state.



Source: Institute on Taxation and Economic Policy (2015)



The [best way to grow the economy](#) and create good jobs is by [investing](#) in things that help communities thrive, such as strong schools and efficient transportation networks. But this cannot happen without an adequate and stable revenue structure. Our state needs tax reform that generates the resources we need to pay for these things. The most simple way to do this is to replace our temporary, regressive sales tax by reforming the income tax in ways that ask wealthy households to pay a little more.