May 23, 2018

Dear Members of the Louisiana Legislature:

Enhancing Louisiana’s Earned Income Tax Credit is a commonsense way to help low-income working families in our state make ends meet as you pursue a partial renewal of the 2016 sales tax increase. The undersigned organizations urge you to consider expanding the state EITC in the upcoming special session.

The Legislature’s inability to agree on comprehensive tax reform measures has refocused attention on renewing part of the temporary “clean penny” of sales tax that expires June 30. The sales tax renewal will hit low-income households the hardest. Measured as a percentage of income, workers in the bottom income quintile (with an average income of $12,000 a year) would be spending six times as much of their income on the sales tax renewal than households in the top 1 percent (with an average annual income of $1.3 million) if 3/4 cent of the temporary sales tax is renewed. Relying on a sales tax renewal without expanding the EITC would amount to balancing the state budget on the backs of low-income residents.

Increasing Louisiana's state EITC from 3.5 percent to 10 percent of the federal EITC would offset a .75 cent sales tax renewal for families in the bottom 40 percent of income earners. For example, the average Louisiana family earning minimum wage would pay an estimated $75 per year under a .75 sales tax renewal. Increasing the state EITC to 10 percent would return an additional $80 to that family when they files their income taxes. That money would be returned to them to help the household catch up on utility bills, buy school supplies, and put food on the table.

Louisiana was the first Southern state to enact an EITC, but our credit is the second-lowest in the country. Several states have increased their EITCs in recent years to mitigate regressive taxes and help boost families above the poverty line. Expanding the state EITC would not only help to offset some of the sales tax burden on low-income families, it also would bring Louisiana more in line with other states and lift more working families and their children above the poverty line.

Sincerely,
Sarah Berthelot, CEO  
Louisiana Association of United Ways

Susan Nelson, Executive Director  
Louisiana Partnership for Children and Families

Michael McManahan, President  
NAACP Louisiana State Conference

Jan Moller, Executive Director  
Louisiana Budget Project

Denise Bottcher, State Director  
AARP-Louisiana

Debbie Meaux, President  
Louisiana Association of Educators

Charmaine Caccioppi  
United Way of Southeast Louisiana

Ashley Shelton, Executive Director  
Power Coalition

Lynn Stevens  
United Way of Northwest Louisiana

Cindy Bishop, Executive Director  
Childcare Association of Louisiana

Melissa Flournoy, PhD  
Louisiana Progress

LaTanja Silvester, President  
Service Employees International Union - Local 21 LA

Erika Zucker  
Workplace Justice Project at Loyola College of Law Clinic

Fr. Fred Kammer, Executive Director  
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Gale Dean, LCSW, LPC, Executive Director  
New Horizons Independent Living Center

Larry Carter, President  
Louisiana Federation of Teachers and School Employees

Ayn Stehr, Executive Director  
National Association of Social Workers, Louisiana Chapter