

A RETURN TO (SOMEWHAT) NORMAL



By some measures, the 2021 edition of the Louisiana Legislature was an unqualified success. Aided by an [influx of federal pandemic relief funding](#), lawmakers passed a state budget that makes important new investments in education, public safety and public health. This includes a much-needed boost to the Go Grants program that will make college more affordable for low-income students, the creation of the M.J. Foster Promise Program to provide scholarship aid for Louisiana adults seeking workforce training and pay raises for public school teachers and college faculty.

Legislators also took an important step to helping women and families afford basic necessities by eliminating the sales tax on diapers and feminine hygiene products, passing the [Pregnant Workers Fairness Act](#) to require businesses to provide reasonable accommodations for pregnant and postpartum workers and extending the sunset date on the [Earned Income Tax Credit \(EITC\)](#).

Unfortunately, legislators also missed an historic opportunity to truly repair [Louisiana's broken tax structure](#). The tax swap package that passed in the final hours of the session starts with an excellent premise: eliminating the [federal income tax deduction](#) that ties Louisiana's tax code to the federal government. Legislators could have used the revenue gained by eliminating this deduction to make new investments, or to [reduce racial disparities in our tax system](#) by reducing the state sales tax. Instead, they used the revenue to cut income-tax rates for individuals and corporations. A "trigger" amendment makes this worse by calling for automatic tax cuts – at the expense of other priorities – if Louisiana's economy performs better than expected.

The federal relief dollars that are helping Louisiana avoid budget cuts will soon be gone, and the Legislature will once again struggle to pay for basic services. The Legislature could have taken important steps to avoid this fiscal cliff, but chose not to do so this session. Instead, they made their jobs more difficult by cutting taxes and [diverting dollars from the state general fund to pay for road construction projects](#).

A BALANCED BUDGET WITH ROOM TO SPARE

State tax revenue projections [plunged by nearly 10%](#) in 2020 as the pandemic shut down large swaths of Louisiana's economy. It looked at the time as though the state was headed for a long recession and cuts to vital services. But Congress approved several relief measures in rapid succession that kept families financially afloat through stimulus payments, expanded unemployment benefits and grants to businesses. This - combined with direct aid to state and local government - eased the financial pressure on state government and created room for new investments in education, health care and other priorities.

The biggest increases went to health care and higher education, with increased dollars for college scholarships and full funding for college campuses. The state also received billions of dollars in federal pass-through funding to help local school districts with pandemic-related costs, and to help child care providers and workers who were affected by Covid-19.

BUDGET HIGHLIGHTS

Agency	Program	Amount (state and federal)
Department of Health	Higher rates for Medicaid providers, 500 new slots for home care recipients, investments in public health	\$759 million
Higher Education	Faculty pay raises, increase in Go Grant program, full TOPS funding, creation of the M.J. Foster Promise program for adult learners	\$271 million
Education	Pay raises for teachers (\$800/yr) and school support staff (\$400/yr); Covid-19 relief for school districts	\$947 million

AMERICAN RESCUE PLAN ACT SHORES UP THE BUDGET, BUT FAILS TO PRIORITIZE THOSE IN GREATEST NEED

Louisiana received [\\$3 billion as part of the American Rescue Plan Act \(ARPA\)](#), and the state Legislature allocated about half the money in the budget bills. These funds can be used in a [wide variety of ways](#) - on public health, closing budget gaps, investing in infrastructure - but they cannot be used to offset the cost of tax cuts.

The Legislature set aside the most money for bailing out and replenishing the state's unemployment insurance trust fund, which borrowed federal money to pay claims during the Covid recession. Legislators also directed dollars to transportation projects; water, sewage and broadband infrastructure; homeowners assistance; relief for businesses that were left out of previous aid packages (most notably movie theaters, and logging companies); and on promoting the state's tourism industry. While many of these investments will undoubtedly provide some public benefit, most do not provide direct investment in people who are struggling to recover from the Covid-induced economic downturn or who were experiencing hardship before the pandemic.



Economic Opportunity analyst Jackson Voss explains why lawmakers should use ARPA funding on investments that will benefit the most Louisianans.

HOW LOUISIANA'S AMERICAN RESCUE PLAN ACT STATE FUNDS WILL BE SPENT

House Bill 1	Community-Based Child Abuse Prevention	\$755,000
	Homeowners Assistance	\$146,668,557
	Coronavirus Local Fiscal Recovery	\$161,218,500
	Home Delivered Meals	\$7,404,897
	Long-Term Care Ombudsman Program	\$44,210
	Public Health Services Program (Vaccine Distribution)	\$43,232,059
	Public Health Services Program (Covid Screening and Testing for Schools)	\$105,014,547
House Bill 642	Unemployment Compensation Fund	\$300,000,000
	Unemployment Insurance Title XII Advances - Repay Federal Advances	\$190,000,000
	Water Sector Fund - Water and Sewage System	\$300,000,000
	Granting Unserved Municipalities Broadband Opportunities (GUMBO) Fund	\$90,000,000

	Loggers Relief	\$10,000,000
	Save Our Screens - Movie Theatre Relief	\$4,500,000
	Small Business and Nonprofit Assistance	\$10,000,000
	Port Authority Relief	\$50,000,000
	Legislative Capitol Technology Enhancement	\$15,000,000
	Tourism Revival	\$60,000,000
Total		\$1,493,837,770

A MISSED OPPORTUNITY FOR MEANINGFUL TAX REFORM THAT INVESTS IN THE STATE'S UNFUNDED PRIORITIES

Tax reform was a key priority for the 2021 legislative session, and legislators had an historic opportunity to rid the state of unnecessary and wasteful tax breaks that the wealthy and corporations have been able to use to lower their state tax liability for decades. Eliminating these tax breaks, particularly the [federal income tax deduction](#), could have resulted in millions of dollars in lost tax revenue that could have been used to increase teacher and support staff salaries, re-invest in higher education, [create Louisiana's first child tax credit](#) and more.



Executive Director Jan Moller details how diverting dollars from the state general fund to pay for road construction projects will create another fiscal cliff.

Instead, the revenue was used to drastically lower income tax brackets - ultimately trading one tax break for another for wealthy families. The federal income tax deduction for corporations was also eliminated and replaced with new income brackets. This was not ideal, but an amendment to the tax swap package also tacked on an income tax reduction trigger that could potentially lower rates even further in the future if revenues grow unexpectedly like they did after Hurricane Katrina.

None of these bills address the impending 2025 fiscal cliff that will occur when Louisiana's \$0.45 temporary sales tax rolls off the books. Legislators also made the impending fiscal cliff larger by [agreeing to move vehicle sales tax revenues from the State General Fund to the Transportation Trust Fund](#) as opposed to raising the gas tax for the first time in over 25 years. The Legislature extended Louisiana's 5% state EITC from 2025 to 2030 and eliminated sales tax on diapers and feminine hygiene products, both of which were wins for low-and moderate-income working families.

TAX		
House Bill 7 (Eliminates the "Pink Tax")	Louisiana's constitution already exempts groceries, home utilities and prescription drugs from the state sales tax. This bill adds diapers and feminine hygiene products to the basic necessities that are exempt from the sales tax. It takes effect in 2022.	Passed
House Bill 514 (Sales tax shift)	This bill redirects up to 60% of the money collected through vehicle sales taxes (about \$300 million per year) from the state general fund - where it supports education, health care and other ongoing priorities - to pay for road construction projects. For comparison, the total cost of the TOPS scholarship program is \$330 million.	Passed

House Bill 464 (Industrial tax breaks)	Louisiana already exempts manufacturing corporations from paying most property taxes on new investments. This bill would have expanded the tax break program by including new industries that don't currently qualify, and allow for bigger tax breaks.	Failed
House Bill 659 (Child tax credit)	This bill would have created Louisiana's first child tax credit by providing \$300 for each child 6 and under in families earning below \$80,000 per year.	Failed
House Bill 660 (Extends EITC for childless workers)	The Earned Income Tax Credit helps reduce poverty by helping low-income working families keep more of what they earn. This bill would have expanded the credit for childless workers.	Failed
House Bill 678 (Tax credits for working families)	This bill provides a tax credit for businesses that hire incarcerated people as part of a work-release program. It also extends the sunset on part of Louisiana's Earned Income Tax Credit to 2030. The refundable credit was scheduled to shrink from 5% to 3.5% in 2025.	Passed
House Bill 36 and Senate Bill 173 (Film tax credit)	Louisiana spends up to \$180 million a year subsidizing film and TV productions in the state, despite numerous studies showing a very low return on investment. The status quo prevailed despite attempts to scale back the credit and extend its life. House Bill 36 would have reduced the annual spending by \$80 million, while Senate Bill 173 would have expanded the program to St. Tammany Parish and extended the subsidy program from 2025 to 2028.	Failed
Senate Bill 159 , House Bill 278 and House Bill 292 (Income-tax swap)	The session's key tax "reform" package eliminates the ability of people and corporations to deduct federal income tax on state returns, which uncouples Louisiana's tax system from the federal government. The revenue gained from eliminating this unorthodox tax break was coupled with a reduction in state income tax rates. It puts a 4.75% constitutional cap on personal income tax rates, and includes a "trigger" that would require automatic additional income-tax cuts in the future if the state meets certain revenue benchmarks. All of the bills are tied to the passage of SB159, a constitutional amendment on the Oct. 9, 2021 statewide ballot.	Passed

PROTECTING THE SAFETY NET AMID A PANDEMIC

The social safety net programs that help Louisianans keep food on the table and a roof over their heads in times of trouble took on a new importance during the Covid-19 pandemic, [which fell hardest on low-income communities and people of color](#). Even before Covid, Louisiana suffered from high rates of poverty and deep racial disparities in economic opportunity, which the safety net helps to mitigate.

The 2021 Legislature included some important efforts to provide additional relief to struggling families, including a bill that will smooth distribution of more than \$150 million in grocery money to families with children this summer. Lawmakers also resolved to increase the quality of food available to Louisiana's SNAP recipients, to better coordinate the state's anti-hunger efforts, and to investigate the effectiveness of the TANF cash assistance program [that serves a scandalously small number of Louisiana's poorest children](#).

Unfortunately, legislators also tried to cast suspicion on legitimate and reasonable uses of SNAP, likely foreshadowing future efforts to make key components of our state's safety net harder to access for people in need. As our shared experience of Covid should remind us, however, paperwork barriers and punitive policies slow down help when it's needed most.



LBP's Danny Mintz and Courtney Foster testify against a bill that would create barriers for eligible people accessing Medicaid.

SAFETY NET

House Bill 468 , House Resolution 193 and Senate Resolution 208 (Extends Medicaid postpartum coverage)	New moms in Louisiana often lose their Medicaid coverage 60 days after giving birth. The federal American Rescue Plan Act allows states to extend this coverage to 12 months, which improves health outcomes for both mothers and children. Legislators rejected a bill to enshrine this protection in state law but approved two resolutions that ask the Department of Health to expand coverage.	Bill died in Finance Resolutions passed in House and Senate
House Bill 172 (Medicaid dental benefits)	This bill adds dental benefits as required coverage for adults in any Medicaid waiver program for people with developmental or intellectual disabilities.	Passed
House Bill 190 (Midwife and doula benefits)	Requires that midwife services be included in private health insurance benefits and creates the Louisiana Doula Registry Board as a step toward including doula services as a covered benefit.	Passed
House Bill 213 (Medicaid recipients' tax data)	Gives the state Legislative Auditor access to Medicaid recipients' tax returns. This could produce audits that give an unbalanced picture of Medicaid eligibility processing in Louisiana and lead to restrictive screenings that cut eligible people off from the health coverage they need.	Failed
House Bill 73 , House Concurrent Resolution 118 and House Resolution 185 (Medicaid Estate Recovery)	Medicaid Estate Recovery keeps many low-income families in generational poverty by taking away homes that people inherit to pay back the state for the cost of long-term care. House Bill 73 sought to erode legal protections by letting the state contract estate recovery to private companies, which may be prone to use aggressive collection tactics.	Bill and Concurrent Resolution failed to pass; study resolution passed
House Bill 186 and House Bill 698 (Medicaid medical support payments for children)	House Bill 698 (which began as HB 186) seeks to identify children who are claimed by one household for Medicaid purposes, and by a different household for tax purposes by requiring data sharing among state agencies. LBP's advocacy led to an amendment that excludes kids who qualify for an exemption from child support cooperation out of the bill's data match, making sure that domestic violence survivors aren't caught up in an overly broad search.	Passed
House Bill 322 (Limited data sharing to ensure families receive P-EBT benefit)	Smooths the delivery of P-EBT (food) benefits to all Louisiana children who qualify for free or reduced-price school lunch without requiring parents to fill out a separate application.	Passed
House Resolutions 5 , 6 , 7 , and 8 (SNAP-related scrutiny through studies and data sharing requests)	Legislators considered several resolutions related to the Supplemental Nutrition Assistance Program (SNAP, also called "Food Stamps"), which helps more than 800,000 Louisianans afford food. House Resolution 5 asked the state Department of Children and Family Services to subject state employees to additional screening when they apply for benefits. House Resolution 6 seeks to identify SNAP recipients with gambling winnings. House Resolutions 7 and 8 asked the state to study how Louisiana food benefits are spent at out-of-state retailers.	HR 5 failed, HRs 6, 7, and 8 passed
House Concurrent Resolution 31 (SNAP recipient purchases)	A study of SNAP recipients' buying habits, with the goal of promoting nutritious eating among SNAP recipients.	Failed
Senate Resolution 77 (Coordinate charitable and governmental response to hunger)	Asks the state Department of Health to host a "summit" by Oct. 1 to bring public attention to the problem of hunger in Louisiana.	Passed
Senate Resolution 107 (Study resolution of Louisiana TANF program)	Asks the Legislative Auditor to conduct an "efficiency audit" of the Temporary Assistance for Needy Families (TANF) block grant, which has strayed from its original goal of providing direct assistance to families in deep poverty.	Passed

ECONOMIC JUSTICE AND OPPORTUNITY FOR SOME, BUT MORE NEEDED

Lawmakers introduced several measures to improve conditions for working Louisianans this session, from a [study of paid family and medical leave](#) to [raising the minimum wage](#) to [protections for pregnant workers](#). These efforts yielded mixed results and the majority of meaningful reform failed with the notable exception of the success of the Pregnant Workers Fairness Act.



Senior Policy Analyst Neva Butkus advocates for lawmakers to increase Louisiana’s lowest-in-the nation average weekly unemployment benefit.

Unfortunately, legislation on [unemployment insurance](#) largely favored businesses, not workers. The small victory that was achieved - a very modest permanent increase in weekly benefits for unemployed workers - came with a steep and unnecessary tradeoff - the rejection of \$300 per week federal unemployment benefit for workers still recovering from the pandemic.

ECONOMIC JUSTICE AND OPPORTUNITY

Senate Bill 215 (Pregnant Workers Fairness Act)	This bill updates Louisiana’s anti-discrimination law for pregnant workers by requiring businesses to provide reasonable accommodations - such as a stool to sit on, a water bottle or more frequent water breaks - for pregnant employees as long as it does not cause an undue hardship for the business.	Passed
House Resolution 118 (Study of a state-mandated paid leave program)	In the absence of a federal paid leave program, this resolution creates a study committee to report on a paid family and medical leave program for Louisiana. A last-minute floor amendment replaced several worker-focused committee members with additional business groups.	Passed
Senate Bill 7 and Senate Bill 49 (Minimum wage)	Establish a state minimum wage of \$15 per hour starting in 2026 (SB 7) or 2026 (SB 49). Louisiana remains one of only five states without a minimum wage law.	Never heard (SB 7) Failed to pass (SB 49)
House Concurrent Resolution 77 (Study a state minimum wage)	Creates a study committee to study the costs and benefits of establishing a state minimum wage that’s higher than the federal minimum.	Failed
Senate Bill 225 and House Bill 610 (Unemployment benefits)	Senate Bill 225 called for a \$30 increase in weekly unemployment benefits, but cut the maximum number of weeks a person could stay on unemployment from 26 to 12. House Bill 610 increased weekly benefits by \$28 and created a “back to work” incentive program, but required people to give up their right to unemployment benefits if they accepted the bonus.	Failed
House Bill 183 (Unemployment benefits)	Raises Louisiana’s maximum weekly unemployment benefits by \$28 starting in 2022, but requires Gov. John Bel Edwards to stop accepting \$300 per week in federal unemployment benefits by July 31.	Passed
House Bill 648 (Broadband)	Creates the Granting Unserved Municipalities Broadband Opportunities (GUMBO) program to invest in broadband internet in rural and low-income communities.	Passed
House Bill 482 (Financial deregulation)	Allowed companies offering experimental “financial technology” products to operate in Louisiana without regulatory safeguards.	Failed

RACIAL JUSTICE AND EQUITY

The 2021 session had many discussions about race and racism. Many in the Legislature remain resistant to acknowledging the effects of racism on the lives of Black Louisianans and other people of color, and most efforts to directly promote racial equity or address racial injustice were defeated. But there were also some important victories, particularly with regard to prioritizing health equity and decriminalization of marijuana.



Director of Public Affairs and Outreach Davante Lewis pushes back against a bill that would ban the teaching of America’s history of systemic and institutional racism in public schools.

RACIAL JUSTICE AND EQUITY

House Bill 564 (Critical race theory)	Sought to outlaw certain teaching about systemic and institutional racism and gender discrimination in Louisiana schools.	Failed
House Bill 709 (Marijuana legalization)	Legalized recreational marijuana, and set up a system of licensing retailers that prioritized people living in Black and Brown communities that have a disproportionately high number of people convicted of nonviolent marijuana offenses.	Failed
House Bill 652 (Decriminalize marijuana)	Decriminalizes possession of a half-ounce or less of marijuana, and limits penalties to a ticket of no more than \$100.	Passed
Senate Bill 133 (Prioritizes health equity)	Prioritizes health equity and women’s health in the Louisiana Department of Health, including a comprehensive report to be delivered to the House and Senate Committees on Health and Welfare by February 15, 2022.	Passed
House Bill 139 (LDH Office of Women’s Health)	Creates the Office of Women’s Health within the Louisiana Department of Health to coordinate and lead efforts to improve women’s health outcomes, which are demonstrably worse for Black and brown women in Louisiana.	Failed
House Bill 189 , House Bill 382 and Senate Bill 61 (Protect Black natural hairstyles)	Protect Black Louisianans from discrimination in schools and workplaces for wearing natural hairstyles.	Failed

WHAT’S AHEAD?

Louisiana voters will have the final word on the major tax legislation that passed during the session, including the complicated tax swap package that would trade a longstanding income-tax deduction for lower tax rates on people and corporations, with the biggest rate cuts going to those with the highest incomes. The package’s “trigger” could also dramatically harm the state budget through mandatory income tax rate reductions if and



Policy Director Stacey Roussel joins advocates as Gov. John Bel Edwards signs the Pregnant Workers Fairness Act.

when the economy does better than expected as it did after Hurricane Katrina.

Voters in the Oct. 9, 2021, statewide election also will decide whether to begin centralizing the collection of sales taxes instead of having separate entities collecting the portions that go to state and local governments.

The Louisiana Budget Project will have much more details on the ballot measures in the weeks to come.

By the staff of the Louisiana Budget Project