



Report Highlights

Comparison of Tax Structures in Louisiana and States With and Without Income Taxes

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Audit Control #40220024
Economic Advisory Services • December 2022

Why We Compiled This Informational Report

We compiled this information in response to House Resolution 178 of the 2022 Regular Legislative Session to provide information to the House Ways and Means Committee to assist with studying the state's tax structure.

What We Found

Louisiana is one of 42 states (including the District of Columbia) that levy an individual income tax (IIT) and one of 46 states that levy a corporation income tax (CIT). Louisiana's IIT generated an estimated \$4.4 billion in fiscal year 2022, while the state's CIT generated an estimated \$672.8 million, collectively accounting for 35.5% of the taxes, licenses, and fees included in the state's official revenue forecast. Based on our comparison to other states with and without these types of taxes, particularly those without IITs, we identified the following:

- Louisiana's IIT and CIT accounted for 15.3% of state and local general revenues, excluding hospital revenues, in FY 2019. Without the IIT and CIT, Louisiana would go from the sixteenth-lowest to the second-lowest among states in terms of state and local government revenues as a percentage of personal income.
- States without IITs on average collect more in sales taxes to fund state and local government than states with IITs. However, even with these additional revenues from other sources, states without IITs take in less revenue overall as a percentage of personal income.
- Louisiana has relatively low property taxes (ranking 46th) and relatively high sales taxes (ranking 5th) received by state and local government.
- State governments in states with IITs take in a larger share, 57.2% on average, of state and local government revenues than the 50.2% states without IITs receive. Louisiana's state government share is 57.3%, ranking thirty-fifth-highest among states.
- Louisiana local governments are less reliant on the state for their financial support than are local governments in states with IITs, and before the COVID-19 pandemic were about as reliant on the state as local governments in states without IITs.

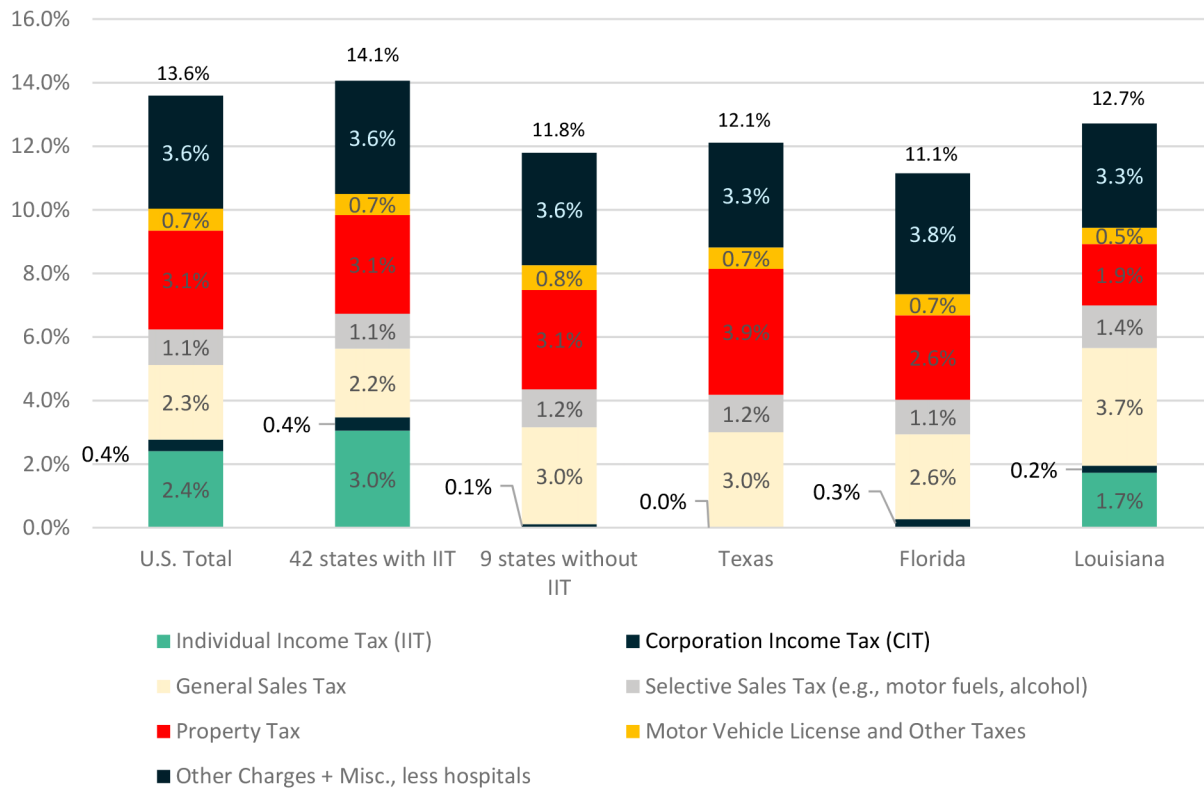
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What We Found (Cont.)

The exhibit below shows Louisiana’s overall state and local government tax and revenue structure in comparison to the tax and revenue structures of selected states and groups of states, excluding intergovernmental revenues such as Medicaid or the Minimum Foundation Program. To facilitate comparisons between states, we normalized revenues for each state or group of states by showing them as a percentage of personal income for the corresponding geographic area.

**Composition of State and Local General Revenues
Percentage of Personal Income
Fiscal Year 2019**



Source: Prepared by legislative auditor’s staff using data from the U.S. Census Bureau and Bureau of Economic Analysis.