Louisiana

Earned Income Tax Credit
Fact Sheet

We must maintain our investment in working Louisiana families.

Louisiana’s EITC benefits many Louisiana households but is only 3.5% of the federal EITC, the lowest in the country.

1 in 3 Louisiana tax filers, all with low and moderate-incomes, claim the EITC.

515,451 working households received the EITC in 2014.

Average Louisiana EITC Amount Received in 2014

$97

Strengthens local economies and makes work pay

Helps to lift families out of poverty

Boosts family savings and frees up resources for necessary expenses

April 2016
The Louisiana EITC generated a net benefit of $23.8 million to the state economy in fiscal year 2015-16.

The EITC lowers the tax burden of the bottom 60 percent of income earning families (families earning less than $47,000 per year, allowing them to spend more in their local economies.

Benefits to working families translate into savings for the state in social services, health, and education.

**Doubling the Louisiana EITC would:**

- Offset the recent increase in the state sales tax, which disproportionately burdens lower-income households.
- Increase workers’ ability to make a wage sufficient to maintain a family and allow it to live decently.
- Make Louisiana’s overall tax structure more equitable.

**Improving Tax Fairness**

The bottom 80 percent of income earning families in Louisiana spend more than twice as much of their incomes on state and local taxes as the top 1 percent.

In 2015, 86 percent of income taxes (nearly $2.3 billion) on Louisiana corporations were not collected because of corporate subsidies and tax exemptions.

The Louisiana EITC creates a more just and equitable system of taxation where tax burdens are proportioned to the capacity of the people contributing.

Sources:
Louisiana Department of Revenue. *Tax Exemption Budget 2015-16* includes data indicating that $2.67 billion in state income taxes were levied on corporations but $2.29 billion of that levy was exempted, resulting in only $373 million in state collections.
A conservative economic multiplier of 1.5 was applied to the $47.5 million cost of the the LA EITC in 2015-16 based on an estimate from The United States Conference of Mayors. *Dollar Wise Best Practices: Earned Income Tax Credit, 2nd Edition*.
Institute on Taxation and Economic Policy. 2014. *Improving Tax Fairness with a State Earned Income Tax Credit*.