CAPITALIZING ON THE RIGHT MOMENT
LESSONS FROM LOUISIANA’S CAMPAIGN TO EXPAND ITS STATE-LEVEL EITC

This case study is part of a series examining the strategies and messages used by advocates to create, expand or protect state Earned Income Tax Credits.

BACKGROUND

In June 2018, Louisiana Governor John Bel Edwards (D) signed legislation to increase the state’s Earned Income Tax Credit (EITC) from 3.5 to 5 percent of the federal credit starting in 2019. The bill’s passage marked an important first step in a campaign to expand the size of the state’s EITC to boost income for low-wage working households.

Although Louisiana had been the first Southern state to enact a state-level EITC in 2007, their credit was also the smallest in the country. Louisiana has the second highest income poverty rate in the country at 19.5 percent and one of the highest racial disparities in income poverty rates, according to the 2018 Prosperity Now Scorecard. A contentious budget debate during a 2018 legislative special session created an opportunity for EITC advocates to improve the state’s credit.

In 2016, the legislature passed a temporary sales tax increase, set to expire in 2018, to generate revenue and address a massive state budget shortfall. As the measure’s end date approached and lawmakers began to draft a new state budget, they were faced with a projected budget shortfall of $648 billion for Fiscal Year 2019. Without the revenue from the sales tax, lawmakers were unable to draft or pass a budget that did not include significant cuts to necessary public services. Because the state constitution prohibits lawmakers from passing revenue-generating tax legislation during regular sessions in even-numbered years, Gov. Edwards called three special sessions between February 2018 and June 2018 to address the shortfall and pass a state budget for FY 2019. Lawmakers began to pursue passing a partial renewal of the sales tax to balance the budget.
Bipartisan support was needed to pass a partial sales tax renewal in the state House of Representatives, which was dominated by conservatives. But Democrats were reluctant to vote in favor of a measure they believed was overly regressive. EITC coalition members calculated that a potential compromise could be to pass an EITC expansion in addition to the partial sales tax renewal, thus providing some relief to those disproportionately impacted by higher sales taxes. After months of organizing and research from EITC advocates, the legislature passed the EITC expansion on the final evening of the second special session and the partial sales tax renewal at the end of a third special session later in the summer.

**CAMPAIGN STRUCTURE AND STRATEGY**

Advocates credit the EITC victory to their coalition’s advanced preparation of research, which allowed them to mobilize quickly when the right moment presented itself. Led by the Louisiana Budget Project (LBP), the coalition included religious groups, advocates for children, elderly groups and more.

The coalition’s goal was to expand the state credit to 10 percent of the federal credit. LBP, with the assistance of coalition members, leveraged research to highlight the impacts of the sales tax and the credit on low-income workers across the state. The coalition’s key tactics included demonstrating the impacts of both the tax credit and the sales tax. LBP compiled data on how many tax filers in each legislative district claimed the credit to highlight its widespread use. They shared this information with lawmakers to emphasize how many of their constituents would benefit from an expansion. This data proved to be an effective tool that was used during legislative testimony and in conversations with lawmakers. Advocates also released a policy brief that included an analysis of how low-income workers would be financially impacted by the sales tax renewal and the credit expansion.

The coalition recognized that the public and media focus was on addressing the budget shortfall, not an EITC expansion, and prioritized outreach to policymakers and the Governor’s office. Since it was difficult to gain media attention, LBP and coalition members promoted the expansion in other ways, including a daily newsletter and website blogs. Coalition members also sent an open letter to legislators encouraging them to strengthen the EITC if they were going to renew the sales tax.

Throughout the legislative sessions, three separate EITC expansion proposals were passed in the more progressive state Senate. These proposals sought to expand the credit to 10 percent of the federal credit. And during House consideration, LBP testified before the House Ways and Means Committee prior to their votes on each of these proposals. During their testimony, LBP shared the data on constituents claiming the state credit and the impact an increased credit would have on low-income families. Despite the warm reception to their testimony, ultimately...
each proposal failed in the House committee. Coalition members determined that a stand-alone EITC measure was unlikely to pass and redoubled their efforts to connect the expansion to the proposed sales tax renewal.

The coalition’s messaging emphasized the negative impacts of the partial sales tax renewal, the disproportionate burden it would place on low-income black households and the connection between the sales tax and the credit. These messages resonated with Democratic lawmakers, particularly members of the Legislative Black Caucus (LBC). The caucus represents a critical voting block within the House and became instrumental in passing the credit expansion.

On the last night of the second legislative special session, members of the LBC refused to vote in favor of the sales tax renewal without an expansion of the EITC. The stalemate ended with a compromise postponing enacting the expansion until January 2019.

The coalition’s efforts and research had paid off, securing an increased credit for Louisiana’s working families. While the expansion is a step forward for the state, advocates understand that the state could do more to benefit low-income workers. Though tax credits will be on the table for discussion in the 2019 legislative fiscal session, advocates do not expect any movement on the credit due to the 2018 expansion and upcoming local election cycle. Advocates hope to use this time to start laying the ground work for an EITC expansion during the fiscal sessions in 2021 and 2023.

**KEY MESSAGES USED**

- **Expanding the EITC will offset the burden of a partial sales tax renewal.** The partial sales tax renewal will disproportionately impact low-income families who are already struggling to make ends meet. The renewal should be paired with an expansion of the EITC to mitigate the impact for working families.

- **The sales tax renewal would negatively impact low-income workers across every district, particularly black households.** If lawmakers renew part of the sales tax, the bottom 20 percent of income workers would spend six times as much of their income on sales taxes compared to the top 1 percent households. This burden will disproportionately affect black households, which make up 53 percent of the lowest-earning 20 percent of households.

- **The EITC is an effective anti-poverty tool for working families.** The EITC is one of the most effective anti-poverty tools in the U.S. It encourages work and lifts millions of adults and children out of poverty annually.

Tax Credits for Workers and Their Families (TCWF) is a strategic communications campaign working to promote the Earned Income Tax Credit, Child Tax Credit and other tax credits at the state and federal level. We offer communications support to advocates and policymakers working to enact new tax credits or improve existing ones. Our website (www.taxcreditsforworkersandfamilies.org) provides information, resources and tools to help community-based organizations and elected officials raise awareness about these important tax credits and help working families get ahead.

TCWF is a non-partisan initiative led by The Hatcher Group, a communications and public affairs firm dedicated to inspiring social change for good. For more information, contact Lauren Pescatore at (301) 656-0348 or lpescatore@thehatchergroup.com.