

The New Orleans Regional Council of Business Economics, a non-partisan organization of academics and business professionals dedicated to the study of economics, understands the very difficult choices facing the State of Louisiana.

Policy decisions by the governor and legislature should always be informed by the economic effect of the policies on the people and government of this state. If all states raised revenues and expended money in an identical way, there would be little to discuss. That is of course not the case.

While Louisiana's tax burden per capita is on par with most Southern states, its expenditures per capita are greater. The loss of jobs and businesses, arising from an uncompetitive tax environment, will have a profound long term effect on future state budgets, and the future of Louisiana's gross domestic product.

Revenue cuts, while painful, do not have this long term economic effect.

In cutting expenses, it should be noted that some expenses in fact create long-term wealth, such as the benefits of higher education. Even this expense should not be immune from critical analysis. The state would be well advised to compare its higher education system to other states, and to ask hard questions regarding the costs of administration, the number of institutions, and the relative efficiencies of each institution in providing services to the state. We do not operate in an economic vacuum. We must compete with other states for jobs and residents. If our tax burden becomes significantly higher than our competitors, especially Texas and Florida, we will lose both residents and jobs.

We urge all citizens to actively participate in this most important discussion.