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POLICY SPOTLIGHT

Reversing Louisiana's Outmigration

Tax, housing, and labor reforms to grow the state

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Americans made nearly 34 million interstate moves between 2018 and 2023, redistributing population, income, and economic activity among the states. Louisiana ranked 44th in net interstate migration, losing over 110,000 residents and $3.6 billion in income.[1] Research links migration outcomes most strongly to tax burdens, economic freedom, and housing supply. Louisiana faces competitive pressure on multiple fronts: Its combined sales tax burden is the highest in the nation, its housing permitting rate is less than half that of neighboring Texas, and its occupational licensing burden is among the heaviest in the country.

Tax Policy Reforms

The competitive landscape

Louisiana ranks 31st on the Tax Foundation's State Tax Competitiveness Index, compared to 7th for neighboring Texas, as shown below. While Louisiana enacted meaningful reforms in 2024—cutting individual and corporate income tax rates and establishing permanent full expensing—the state still maintains one of the nation's most burdensome sales tax systems, with the highest combined state and local rate (10.1%).

Texas	No state income tax. Ranks 7th on State Tax Competitiveness Index. Combined state and local sales tax rate of approximately 8.2%.
Louisiana	Flat individual income tax of 3% and corporate rate of 5.5% (reformed in 2024). Highest combined statewide and average local sales tax rate in the nation at 10.1%. Ranks 31st on State Tax Competitiveness Index.

Recommended reforms

- **Reform the sales tax structure:** Simplify and standardize the sales tax base.
- **Index tax rates and brackets for inflation:** Ensure that taxpayers and businesses do not face bracket creep or real tax increases over time without legislative action.

[1] See Jack Salmon, "Interstate Migration Trends in the United States, 2018–2023: Where Are Americans Moving, and Why?" (Mercatus Policy Brief, Mercatus Center at George Mason University, July 2026). For the full analysis including sources, scan the QR code on the next page.

- **Build on recent income tax reforms:** Further reduce rates over time, keep permanent full expensing in place, and resist pressure to reverse or erode these gains through new credits, carve-outs, or sunset provisions.

Housing Policy Reforms

The supply gap

Louisiana issues approximately 3 housing permits per 1,000 residents annually—less than half the rate of neighboring Texas (approximately 7.6 per 1,000). Tight supply raises housing costs, reduces affordability for incoming residents and workers, and diminishes Louisiana's attractiveness relative to peer states. The barriers are not primarily financial, but regulatory. Slow permitting processes impose costs on developers that further raise the costs of the final housing products.

Recommended reforms

- **Preempt mandatory inclusionary zoning:** Louisiana expressly permits parishes and municipalities to adopt inclusionary zoning (IZ), and New Orleans has established mandatory IZ districts. IZ can suppress new housing supply by increasing development costs.
- **Impose statewide ceilings on minimum lot sizes:** Following the model of Houston's small-lot reform, impose maximum allowable minimum lot size requirements on local governments to increase development capacity and keep buyers' costs from rising.
- **Allow HUD Code manufactured homes:** Require local governments to allow HUD Code manufactured homes wherever site-built single-family homes are permitted. Manufactured housing is an important source of unsubsidized affordable homeownership, but local zoning can limit these homes through design mandates, redundant standards, or exclusion from residential lots.

Labor Market Freedom Reforms

The licensing burden

Louisiana imposes one of the heaviest occupational licensing burdens in the nation. While neighboring Mississippi loses an average of 169 days to occupational education and experience requirements, Louisiana loses 350 days—more than double. Of 102 low-income occupations studied, just 38 require a license in Texas, with most requiring no education or experience, compared to 77 in Louisiana. These barriers raise the cost of entering licensed trades, restrict labor supply, and reduce economic mobility—particularly for lower-income workers seeking to improve their circumstances.

Recommended reforms

- **Benchmark licensing requirements** against Texas and neighboring states: Review all occupational licensing laws and reduce excessive education and experience requirements, prioritizing occupations where Louisiana's standards exceed those of nearby states.
- **Enact comprehensive universal license recognition:** Remove "substantially similar" requirements that limit recognition of out-of-state licenses, reducing barriers to labor mobility and expanding workforce participation.

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