

Regular Session, 2011

HOUSE RESOLUTION NO. 86

BY REPRESENTATIVE LEGER

A RESOLUTION

To urge and request the House Committee on Municipal, Parochial and Cultural Affairs to study the impact of the homestead exemption, nonprofit exemption, and other property tax exemptions on local government revenue and to report its findings to the House of Representatives by February 1, 2012.

WHEREAS, in 1934, as part of the state of Louisiana's response to the Great Depression, Louisiana voters approved a constitutional amendment creating a homestead exemption; and

WHEREAS, the constitutional amendment also directed the Louisiana Legislature to create the Property Tax Relief Fund to offset local government revenue losses from the homestead exemption; and

WHEREAS, in 1972, a federal court found that manipulations of assessments and millage rates at the local level were resulting in an arbitrary and inequitable distribution of state funds, in violation of the Equal Protection Clause of the United States Constitution, and directed the state to come up with a new distribution plan; and

WHEREAS, in 1972, Louisiana voters amended the state constitution to replace the Property Tax Relief Fund with the Revenue Sharing Fund; and

WHEREAS, the constitutional amendment required the legislature to appropriate a minimum of eighty million dollars a year for the Revenue Sharing Fund; and

WHEREAS, in 1974, Louisiana voters approved a new state constitution which increased the appropriation for the Revenue Sharing Fund to a minimum of ninety million dollars a year; and

WHEREAS, in 1974, the annual appropriation of ninety million dollars was adequate to offset local government revenue losses from the homestead exemption; and

WHEREAS, in addition to the homestead exemption, the state constitution exempts property owned by a wide array of nonprofit entities, including those organized and operated

exclusively for religious, charitable, health and welfare, fraternal, or educational purposes, labor unions, and lodges or clubs; and

WHEREAS, the loss of revenue caused by the homestead exemption has continued to grow over the years, and yet the Louisiana Legislature continues to appropriate to the Revenue Sharing Fund only the minimum ninety million dollars a year; and

WHEREAS, local governments face many challenges due to the loss of revenue caused by the homestead exemption and the nonprofit exemption, and this is particularly true in the city of New Orleans as the homestead exemption also applies to municipal taxes; and

WHEREAS, a stable, long-term source of revenue to properly fund government operations is essential to ensure the public safety, sanitation, recreation, and other vital city services; to promote health and well being of youth and families; to create well-paying jobs and provide equal access to economic prosperity; and to create sustainable communities; and

WHEREAS, disparities within the current tax structure must be eliminated in due course to ensure that no particular group or individual bears an unfair tax burden; and

WHEREAS, tax policies need to be competitive in order to attract residents and businesses; and

WHEREAS, reforms are needed in order to bring greater fairness, equity, and competitiveness to the current tax structure; and

WHEREAS, the Tax Fairness Commission was created by the Honorable Mitchell J. Landrieu, mayor of the city of New Orleans, to review the current tax system; and

WHEREAS, the commission recommended the following:

(1) The Louisiana Legislature be informed of problems created by the loss of revenue due to the homestead exemption and the legislature's failure to properly increase appropriations to the Revenue Sharing Fund to offset the adverse impact on local governments.

(2) The Louisiana Legislature place before the voters a constitutional amendment that would redefine and narrow the property that can be considered tax-exempt in a manner more consistent with what is done in other states.

(3) The Louisiana Legislature place before the voters a constitutional amendment that would allow local governments more control concerning property tax exemptions for nonprofits.

(4) The Louisiana Legislature place before the voters a constitutional amendment that reverses certain court decisions regarding the acceptable uses of exempt property owned by a nonprofit.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature of Louisiana requests the House Committee on Municipal, Parochial and Cultural Affairs to study the impact of the homestead exemption, nonprofit exemption, and other property tax exemptions on local government revenue.

BE IT FURTHER RESOLVED that the committee shall specifically solicit the input, recommendations, and advice from those who can provide relevant information and suggestions to the committee based upon their expertise and experience, including but not limited to the following:

- (1) The Louisiana Association of Nonprofit Organizations.
- (2) The Louisiana Association of United Ways.
- (3) Tulane University.
- (4) Xavier University.
- (5) Catholic Charities.
- (6) The Archdiocese of New Orleans.
- (7) Loyola University.
- (8) The Louisiana Hospital Association.
- (9) The city of New Orleans.
- (10) The Lighthouse for the Blind in New Orleans, Inc.
- (11) The National World War II Museum.

BE IT FURTHER RESOLVED that all departments, boards, agencies, officers, and institutions of the state and all subdivisions thereof shall cooperate with the committee in providing information to assist the committee in carrying out its responsibility pursuant to this Resolution.

BE IT FURTHER RESOLVED that the committee shall report the results of its study and its recommendations, including proposed legislation, to the House of Representatives by February 1, 2012.