



Amendments 1, 2, 3, 4 and 5: Tax breaks for veterans, hospitals on ballot

Voters also to consider more money for parishes Nov. 7

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Last in a series

Amendments highlighted in this story are Numbers 1, 2, 3, 4 and 5.

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Louisiana voters will decide Nov. 7 whether to change the state constitution to give disabled veterans and war widows a break on property taxes.

Also on the ballot are constitutional amendments that would relax the tax burden for rural hospitals, artists and New Orleans drivers.

Another measure would force the state to share more money from severance taxes with parish governments.

The proposed tax changes represent five of the eight constitutional amendments up for consideration next week. They require approval by a majority of the voters to take effect.

The military tax benefit probably is the most complex amendment on the ballot.

The proposal's backer, Sen. Ben Nevers, said the rationale for the change is simple.

"We all want to do what we can to help those in the armed services, especially those who have become disabled," said Nevers, D-Bogalusa.

The state already freezes property values for people age 65 or older who are on limited incomes.

They pay the regular tax rate on their home. But the property value that is used to calculate their tax bill generally remains frozen in time, saving them money over the long run.

Constitutional Amendment No. 1 would extend that tax break, beginning in 2007, to:

- Veterans with a service-connected disability rating of at least 50 percent.
- Members of the military who are missing in action or a prisoner of war for at least 90 days.
- The spouses of military members killed in action.
- Any person “permanently totally disabled” as determined by a court or by a state or federal agency.

There are caveats, including income caps and a requirement that surviving spouses would have to hold onto the property to qualify.

A 2005 federal government report showed that 34 percent of the 37,475 veterans receiving disability compensation in the state had a rating of at least 50 percent.

The 50 percent threshold usually includes mental disabilities, the loss of a limb or the spleen, and diabetes-related neuropathy, said Bob Barnes with the state Department of Veterans Affairs.

Nevers said he wants to protect injured members of the military living on a reduced income.

“They might have to give up their home because they can’t pay the taxes,” he said.

Some think tanks that studied the amendment say the language is confusing, which could make it difficult to implement.

Nevers disagrees.

“I don’t think it’s that complicated,” he said.

Here is a roundup of the other tax proposals on the ballot Nov. 7:

Severance tax for parishes

The state is required to give parish governments 20 percent of the severance taxes collected on natural resources — except for sulfur, lignite and timber — in their parishes.

However, the contribution is capped at \$750,000 a year. The state collected more than half a billion dollars in severance taxes in 2005. Parish governments got about \$29 million.

The Amendment No. 2 would put a little more money into parishes' pocketbooks by raising the cap by \$100,000 — up to \$850,000 — beginning July 1. The limit would be adjusted each year to prevent inflation from chipping away at the contribution.

If the amendment had been in place in 2005, roughly half of the state's 64 parishes would have received more money. East Baton Rouge Parish, for example, would have received the full \$850,000 instead of \$750,000.

Rep. Rick Gallot, D-Ruston, said he began pushing the proposal as a freshman legislator several years ago. He compares the amendment to the state's fight in Washington for a larger share of offshore revenue.

The state wants to restore the coast by getting a portion of the money the federal government makes from offshore drilling. Gallot said oil and gas exploration in parishes tears up roads and other infrastructure.

Medical equipment tax break

Amendment No. 3 would extend a property tax exemption on the medical equipment that a nonprofit hospital owns to medical equipment that the hospital leases for more than five years. The amendment would apply to small rural hospitals run by nonprofit organizations.

Smaller hospitals often lease expensive equipment such as fetal monitors, CT scanners and bone density measurers. The amendment is so narrowly drawn that only three hospitals would qualify — Assumption Community Hospital in Napoleonville, Christus Coushatta Health Care Center in Coushatta and Union General Hospital in Farmerville.

Sen. Robert Adley, D-Benton, said the amendment would give the hospitals a tax break for equipment they acquire through affordable arrangements.

“Most of the small rural hospitals don't have the cash to make a lump-sum payment, so they end up doing a lease purchase,” Adley said.

Motor vehicle tax ban

Currently, local governments can charge a property tax on motor vehicles. Amendment No. 4 would exempt motor vehicles from the tax.

The change would affect New Orleans, the only local government in the state that collects the tax. In 2004, the city collected \$5.2 million by taxing motor vehicles.

Rep. Jeff Arnold, D-New Orleans, said he tried two years in a row to advance the legislation. He said he found success after city leaders agreed to back his proposal.

“What we're able to do in this whole compromise was to eliminate a tax on the citizens without creating a new one,” he said.

The city of New Orleans referred questions about the amendment to Councilman Arnie Fielkow. Fielkow did not return a call for comment.

However, policy groups are cool to the proposal.

The Public Affairs Research Council suggests that it would be simpler for New Orleans to repeal the tax through a local ordinance rather than through a statewide constitutional amendment.

The Bureau of Governmental Research, based in New Orleans, claims the amendment would eliminate a source of funding for local government.

Arnold contends the city got an additional funding source during the recent restructuring of New Orleans government.

Artwork tax break

Paintings, sculptures and other consigned artwork that galleries display for artists are subject to property tax. The owner of the art pays the tax, which is collected in the French Quarter and the Warehouse District of New Orleans.

Amendment No. 5 would remove the property tax on consigned art beginning in January.

The proposal's backer, Sen. Diana Bajoie, said the tax is a hardship in her district, which includes the Warehouse District.

"It would hurt the art community," said Bajoie, D-New Orleans. "No one would want to consign."

The Legislative Fiscal Office had difficulty determining how much money has been collected in property taxes from consigned art.

However, the Bureau of Governmental Research concluded that artists would owe about \$46,000 on consigned art in New Orleans in 2007.