



Amendments deal with supplemental pay, retirement, jewelry tax

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NEW ORLEANS -- Louisiana voters will be asked to decide on four constitutional amendments in the Oct. 20 election.

The first, if passed, would protect the state's supplemental pay increases for certain law officers and firefighters from budget cuts.

No. 2 would expand the supplemental pay program to include additional law officers and firefighters.

The third would revise funding requirements for future benefits to members of the state retirement systems. And the fourth would provide a property tax exemption for jewelry held on consignment.

The state Constitution was once viewed as a permanent statement of basic Louisiana law. That's changed _ and often _ since the 1970s.

According to the Public Affairs Research Council of Louisiana, Louisiana leads the nation in the number of constitutional amendments and has been among the most prolific in adopting amendments.

The state's 1974 Constitution was a relatively brief 35,000 words. To date, however, 210 amendments have been proposed and 148 adopted. Since 2003, no proposed constitutional amendment has been defeated by voters, according to PAR, a nonprofit research group.

The supplemental pay amendments on the Oct. 20 ballot are the most controversial, with supporters saying they give needed pay protection to people who are vital to Louisiana residents' safety and security. Opponents say the two amendments take away needed budgetary control from lawmakers.

The first proposal would protect current and future supplemental pay for full-time law officers and firefighters from cuts by the Legislature. During the most recent legislative session supplemental pay was raised to \$425 a month.

"This is designed to protect the increase we just made and future increases," said Sen. Heulette "Clo" Fontenot, R-Livingston who sponsored the bill. "This way we wouldn't need to come back to the public for another vote every time we increase supplemental pay."

Opponents of the amendment note that state officials have limited control over the growth of supplemental pay since the number of eligible people is determined by the hiring practices of local governments. That's why the nonpartisan Council for a Better Louisiana is recommending a vote against the constitutional amendment.

The organization also opposes the second amendment on the ballot, which would authorize expanding the pay to cover law officers and firefighters working for local port authorities and patrolling waterways and riverfront areas.

State Sen. Francis Heitmeier, D-New Orleans, who sponsored the amendment and rejects the CABL argument.

"It's all about security of our ports," said Sen. Francis Heitmeier, D-New Orleans, who sponsored the amendment. "Our ports are losing people because of the pay and if security goes down there, the whole state will go down."

CABL said that while it supports the work of the public safety officers, their jobs are a local function and the state pay given to them shouldn't be protected from budget cuts.

"When times are tough financially, the state ought to be able to choose its priorities to ensure that the most important functions of state government aren't adversely impacted. This takes away that flexibility," CABL said.

"That makes them political pingpong balls, Heitmeier said. "Because when budget cuts come there will be no supplemental pay for the officers and they will be back in the same boat."

The Bureau of Governmental Research, another nonprofit government watchdog, also opposes both amendments. The amount of supplemental pay should be determined and funded through the state's appropriation process, BGR said. CABL and BGR support the third constitutional amendment, which would require the Legislature to provide a financing stream for future benefits for the state's retirement systems when it approves new retirement benefits.

Proponents argue that it is fiscally irresponsible to increase the state's unfunded accrued liability on its four retirement systems. Opponents say shortening the payoff time to 10 years could create new problems. Although interest will be saved, short-term payments will be higher. The Legislative Actuary estimates that paying a \$1 million liability over 10 years _ as specified by the amendment _ instead of 30 years would save \$1.1 million.

A constitutional amendment passed last year exempted artwork consigned to an art dealer from property taxation. The No. 4 amendment this year would include jewelry in the exemption.

According to the Louisiana Jewelers Association, jewelry on consignment has become the largest part of many stores' inventory. A retailer may put a manufacturer's more expensive pieces on sale and not pay the manufacturer until they are sold. To avoid paying taxes on the jewelry, the stores may ship it back to out-of-state manufacturers at the end of the year. Jewelers say passing this amendment would allow them to keep more of the expensive items on hand, increasing the chance of sales and higher sales tax.

Opponents say the amendment provides another property tax exemption and hurts the ability of local governments to raise revenue.
BGR opposes the amendment, saying taxation on consigned goods should be considered comprehensively rather than for the benefit of a specific type of business.
CABL did not take a position on the amendment.