



PAR
LOUISIANA

PAR GUIDE TO THE 2023 CONSTITUTIONAL AMENDMENTS

An Independent, Non-Partisan Review

Support for this report was provided by **The Alta and John Franks Foundation** and **The Collins C. Diboll Private Foundation.**

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Oct. 14 and Nov. 18 Elections

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The Public Affairs Research Council of Louisiana (PAR) is an independent voice, offering solutions to public issues in Louisiana through accurate, objective research and focusing public attention on those solutions. PAR is a private, nonprofit research organization founded in 1950 and supported by membership contributions, foundation and corporate grants and special events.

For more information, media interviews or public presentation requests regarding this constitutional amendment guide, please contact PAR President Steven Procopio at Steven@parlouisiana.org.

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PAR Guide to the 2023 Constitutional Amendments

Voter Checklist for Oct. 14 ballot Nov. 18 ballot next page

YES NO

Amendment 1

"Do you support an amendment to prohibit the use of funds, goods or services from a foreign government or a nongovernmental source to conduct elections and election functions and duties unless the use is authorized by the secretary of state through policies established in accordance with law?"

Amendment 2

"Do you support an amendment to provide that the freedom of worship in a church or other place of worship is a fundamental right that is worthy of the highest order of protection?"

Amendment 3

"Do you support an amendment to require that a minimum of twenty-five percent of any money designated as nonrecurring state revenue be applied toward the balance of the unfunded accrued liability of the state retirement systems?"

Amendment 4

"Do you support an amendment to deny a property tax exemption to a non-profit corporation or association that owns residential property in such a state of disrepair that it endangers public health or safety?"



PAR Guide to the 2023 Constitutional Amendments

Voter Checklist for Nov. 18 ballot

YES NO

Amendment 1

“Do you support an amendment to clarify that the timing of gubernatorial action on a bill and his return of a vetoed bill to the legislature is based upon the legislative session in which the bill passed and to authorize the legislature, if it is in session, to reconsider vetoed bills without convening a separate veto session?”

Amendment 2

“Do you support an amendment to remove provisions of the Constitution of Louisiana which created the following inactive special funds within the state treasury: Atchafalaya Basin Conservation Fund, Higher Education Louisiana Partnership Fund, Millennium Leverage Fund, Agricultural and Seafood Products Support Fund, First Use Tax Trust Fund, Louisiana Investment Fund for Enhancement and to provide for the transfer of any remaining monies in such funds to the state general fund?”

Amendment 3

“Do you support an amendment to authorize the local governing authority of a parish to provide an ad valorem tax exemption for qualified first responders?”

Amendment 4

“Do you support an amendment authorizing the legislature, after securing a two-thirds vote of each house, to use up to two hundred fifty million dollars from the Revenue Stabilization Trust Fund to alleviate a budget deficit subject to conditions set forth by law and allowing the legislature to modify such conditions for accessing the monies in the fund, subject to two-thirds vote?”



INTRODUCTION

Voters are being asked to consider eight amendments to the Louisiana Constitution in this fall's election cycle, with the proposals split evenly across the Oct. 14 and Nov. 18 ballots. The issues involve election financing, retirement debt payments, property tax exemptions, veto session adjustments and protections for churches, among other topics.

The Public Affairs Research Council of Louisiana (PAR), a nonpartisan educational and research organization, has provided detailed reports on the constitutional amendments set before voters across more than four decades.

This latest PAR Guide to the 2023 Constitutional Amendments reviews each proposal for the October and November ballots in the order they will appear before voters. The guide does not make recommendations about how to vote, but offers analysis and provides arguments of supporters and opponents of each proposal for voters to make their own decisions.

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The eight amendments include one passed by lawmakers in the 2022 regular legislative session and seven passed in the regular legislative session earlier this year. Each proposal had to receive a two-thirds favorable vote in the House and Senate to reach the ballot. Now, each amendment needs a majority vote at the polls to get enacted.

In full disclosure, readers should be aware that PAR proactively supported Amendment 2 on the Nov. 18 ballot, which would remove six inactive funds from the Louisiana Constitution. The idea came from PAR's own research on constitutional reform. However, PAR has worked to provide a thorough review of the issues and to aim for a balanced approach with this guide.

A constitution should offer the fundamental guiding principles of law, containing the essential elements of government organization, the basic principles of government powers and the enumeration of citizen rights. Statutory law should get into the weeds, providing the details of government operations and offering easier opportunities for change by lawmakers.

Louisiana's constitution, however, has grown thicker nearly every year, with lawmakers adding more and more provisions that arguably should be placed in state law.

Since voters ratified the Louisiana Constitution in 1974, they have been asked to decide 308 amendments, a number growing to 316 this year with the current list of proposals. That averages seven proposed amendments since the first round hit the ballot only a few years after the constitution took effect. So far, 209 changes have won approval from voters.

Year after year, lawmakers most frequently seek to amend Article VII, the money section. This year is no different. Five of the proposed amendments on the fall ballot would tweak that section of the document.

PAR's website parlouisiana.org contains information about constitutional amendments, including analysis about every amendment since the 1974 Constitution was adopted. Further in-depth recommendations can be found in PAR's publications, Louisiana Constitutional Reform **PART I: Getting the Foundation Right** and **PART II: An Enduring Fiscal Framework**.

OCT. 14 ELECTION AMENDMENT 1

Prohibiting Donations to Conduct Elections

**YOU
DECIDE**



A VOTE FOR WOULD:

Ban the use of financial or other donations from a nongovernmental source or a foreign government to administer elections under most circumstances.

A VOTE AGAINST WOULD:

Allow election officials to determine whether to accept financial or other donations from outside sources to conduct elections.

CURRENT SITUATION

Louisiana's election code currently doesn't contain a provision about receiving private funds or other contributions from outside groups or donors. That leaves a legal gray area over whether such donations are allowed.

Lawyers with the attorney general's office and the secretary of state's office, which manages elections in Louisiana, interpret the lack of such a provision to mean elections officials cannot accept contributions of any kind. Others disagree, saying the lack of a prohibition in state law means donations can be accepted.

Elections in Louisiana, like other states, are largely financed by state and local dollars.

The issue of outside money became a point of dispute in the 2020 election cycle when a nonprofit organization funded by Facebook founder Mark Zuckerberg offered grants to help states and municipalities run their elections during the early days of the COVID-19 pandemic. At the time, elections were more costly because of the need for protective equipment, increased use of absentee balloting and extra hours added at early voting sites.

More than two dozen local election officials across Louisiana initially sought the grant money but pulled their applications after others raised legal and ethical concerns. Election officials haven't publicly suggested they've had instances of foreign governments proposing donations to administer the state's elections.

Two prior attempts to enact a state law prohibiting the use of private funds to pay certain election expenses were vetoed by the governor in 2020 and 2021. A constitutional amendment bypasses the governor's desk.

Twenty-four states ban or limit allowing private and nongovernment donations to pay for election expenses, according to the National Conference of State Legislatures. Those states all passed the outside funding restrictions after the 2020 election and Zuckerberg controversy.

PROPOSED CHANGE

The amendment would prohibit Louisiana election officials from accepting money, goods or services from a nongovernmental organization or a foreign government to administer any election or election function unless Louisiana's secretary of state authorizes the use and that use is explicitly allowed in law.

ARGUMENT FOR

Allowing nongovernment sources to help pay for elections will let them have undue influence in the management of election operations. Donations can be skewed to specific parishes based on the partisan leanings of the voting majority who lives there, giving some places more resources than others to run their elections. Furthermore, the donations sidestep the public legislative budgeting process. The offices of attorney general and secretary of state say such donations currently aren't allowed. Explicitly saying so in the constitution will strengthen that prohibition.

ARGUMENT AGAINST

Prohibiting philanthropic and other nongovernment donations to assist in covering election costs limits the dollars available for election agencies to pay for their expenses, maintain needed staffing levels and ensure well-run casting of ballots. The assistance could be particularly useful after disasters and in response to inflationary increases. Iron-clad donation agreements can be crafted without strings attached to maintain election integrity. In addition, the prohibition can be enacted in law without needing a constitutional change.

Legal Citation: Act No. 200 (House Bill 311) by Rep. Blake Miguez of the 2023 Regular Session adds Article XI, Section 6.

OCT. 14 ELECTION AMENDMENT 2

Protection for Worship in Churches

YOU DECIDE



A VOTE FOR WOULD:

Declare the highest level of constitutional protection for the freedom to worship in a church or another place of worship, requiring courts to apply the strictest level of judicial review to challenges when government bodies restrict access.

A VOTE AGAINST WOULD:

Maintain current constitutional protections, which provide that the free exercise of religion is a fundamental right subject to the highest level of scrutiny under Louisiana law but do not specifically single out houses of worship.

CURRENT SITUATION

The Louisiana Constitution protects the freedom of religion for its citizens, saying: “No law shall be enacted respecting an establishment of religion or prohibiting the free exercise thereof.” The language mimics the First Amendment right granted in the U.S. Constitution.

The Legislature in a 2010 state law further declared that the free exercise of religion “is a fundamental right of the highest order in this state.” That law required that the government shouldn’t “substantially burden a person’s exercise of religion” unless it can demonstrate a legal standard known as “strict scrutiny.”

Strict scrutiny is a rigorous test used by judges to assess whether the government provides a compelling governmental interest before infringing on a fundamental right, such as speech, religion or assembly. The government must have a compelling interest that justifies the passage of the regulation or law; the limits enacted must be as narrowly tailored as possible; and the law or regulation must be the least restrictive means of achieving the compelling interest.

During the early months of the COVID-19 pandemic, Louisiana’s governor enacted a series of gathering limits, social distancing rules and other restrictions on churches and businesses that made it temporarily difficult for places of worship to hold in-person services. The government restrictions began with a stay-at-home order that limited church services but allowed grocery stores, pharmacies and certain other businesses to remain open. Those executive orders were later loosened and replaced temporarily with crowd size limits and other public safety rules. The restrictions were phased out over time through a series of reopening orders.

Such government restrictions provoked disagreements and litigation in Louisiana and across the country. States varied in whether they limited worship services or let church leaders decide their response to the coronavirus outbreak.

Louisiana’s restrictions were challenged by a local pastor who was arrested after repeatedly violating the governor’s executive orders and holding church services. The Louisiana Supreme Court dismissed the charges against the pastor in a 5-2 ruling that applied the strict scrutiny standard. However, there was a lack of consensus among judges, and lower courts had differing opinions about the applicable judicial standard for the right to gather in a house of worship, as opposed to the freedom to worship.

PROPOSED CHANGE

The amendment would declare the freedom to worship in a church or other house of worship is a fundamental right receiving the highest order of judicial protection. Any state or local government restrictions or rules limiting access to a church, synagogue, mosque or other place of worship would have to meet the highest standard of judicial review, strict scrutiny, if challenged in court. Under strict scrutiny, the regulation would be presumed unconstitutional unless the rigorous test criteria are met to justify its existence.

Louisiana voters enacted a similar constitutional amendment in 2012 requiring any judicial review of the right to keep and bear arms to be subject to strict scrutiny.

ARGUMENT FOR

The United States has declared the free exercise of religion one of the nation's most sacred rights, and the added language in Louisiana's constitution will ensure protections that citizens can gather in houses of worship to fulfill that right. Passage of the amendment would remove confusion among various courts and judges about the applicable standard of judicial review. The language doesn't say a government can't take action when needed, but any law or order that would restrict or infringe on such a fundamental right ought to meet the highest standard of judicial review. Churches, synagogues and other places of worship could still be closed, and their gatherings could be limited if the government proves a compelling interest, such as the ability to defend against a deadly disease or the loss of human life.

ARGUMENT AGAINST

Both the U.S. and state constitutions already protect the free exercise of religion as one of the nation's most safeguarded rights, and the added language is unnecessary. The strict scrutiny judicial review standard already is applied by courts in such legal cases regarding the freedom to worship. The term "place of worship" is undefined and could be used broadly, undermining the intent of the protection. People could declare their gathering sites a place of worship to evade laws and restrictions that should apply to them. In addition, other language used in the amendment is vague and could arguably elevate the freedom to worship in a church above other rights guaranteed in the state constitution. Passage of the proposed amendment could lead to court challenges over language that isn't needed to safeguard the freedom of religion.

Legal Citation: Act No. 30 (Senate Bill 63) by Sen. Beth Mizell of the 2023 Regular Session adds Article XII, Section 17.

OCT. 14 ELECTION AMENDMENT 3

Surplus Spending on Retirement Debt

**YOU
DECIDE**



A VOTE FOR WOULD:

Require lawmakers to use 25% of any state surplus to pay retirement debt for the four state retirement systems.

A VOTE AGAINST WOULD:

Leave the current requirement that lawmakers spend 10% of any state surplus to pay retirement debt for two state retirement systems through 2029.

CURRENT SITUATION

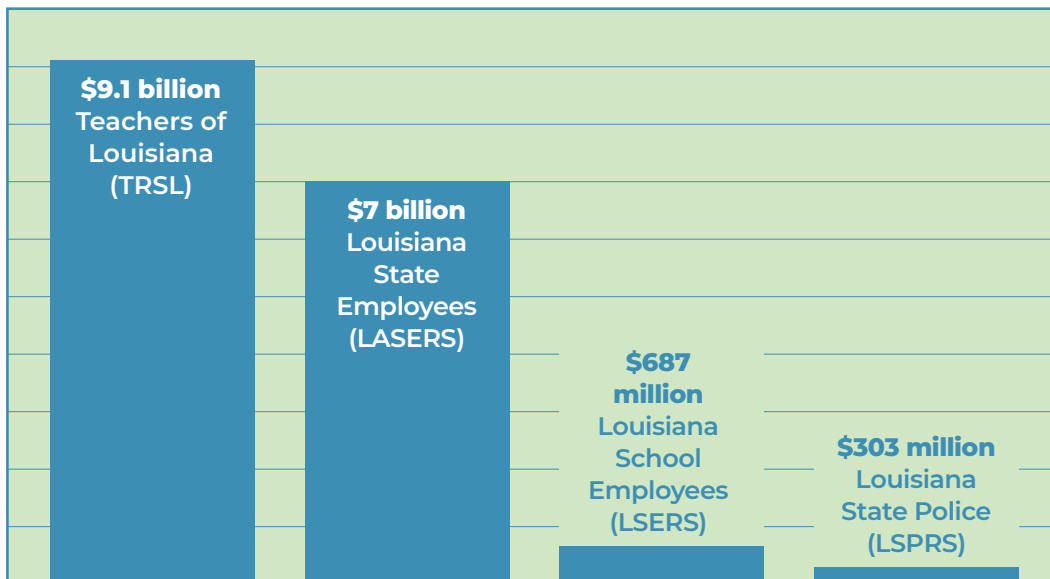
Louisiana will owe state employees, state troopers, teachers and school employees their promised pension benefits when they retire, but the four major retirement systems have a \$17 billion gap between how much they need to pay those benefits and their investment assets.

That gap is known as the systems' unfunded accrued liability, or the state's retirement debt. A series of policy decisions by state lawmakers created the debt and, in some instances, worsened it over time.

The Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL), the state's two largest public retirement systems, had only 66% and 74% of the money needed to meet their long-term obligations to retirees in 2022, the latest data available. That's below the 77% national funded ratio for state and local public pension plans, according to the Equable Institute, which tracks public retirement systems.

Under the current requirements, Louisiana lawmakers must use at least 10% of any state budget surplus to pay down a portion of the retirement debt for LASERS and TRSL, the portion of the debt that existed as of 1988 and that constitutionally must be paid off by 2029. When that initial debt is eliminated in 2029, the 10% surplus spending requirement ends.

UNFUNDED ACCRUED LIABILITY BY RETIREMENT SYSTEM



Source: Actuarial Reports Filed with the Louisiana Legislative Auditor

A surplus is money officially identified by Louisiana’s income forecasting panel, the Revenue Estimating Conference, as one-time or “nonrecurring” revenue when the books are closed on a prior state budget year.

Beyond the 10% pension debt payment, the Louisiana Constitution also requires one-quarter of any recognized surplus to flow into the state’s “rainy day” fund. Lawmakers can spend the remaining surplus money on certain one-time items, such as payment of bond debt, coastal protection and restoration work, road and bridge projects and infrastructure paid through the state’s construction budget.

PROPOSED CHANGE

The amendment would increase from 10% to 25% the amount of money designated as “nonrecurring” in the state’s official income forecast, more commonly called a surplus, that Louisiana state lawmakers must use to pay down retirement debt. The Legislature could spend more than that percentage on the unfunded accrued liability, but no less than 25%.

The change would begin in the 2024-25 budget year that begins July 1, 2024. It also would broaden which retirement systems can receive the payments and allow the surplus money to cover debts accrued since 1988, thereby removing the 2029 expiration date.

Currently, the 10% allocation from state surplus is divvied up between the Louisiana State Employees’ Retirement System and the Teachers’ Retirement System of Louisiana. In addition to increasing the required amount of surplus that must go toward the debt, the amendment would also make the two other state retirement systems, the Louisiana State Police Retirement System and the Louisiana School Employees’ Retirement System, eligible to receive some of the surplus money.

Lawmakers could determine how to distribute the surplus dollars among the systems if they choose. If they do not set up a formula for splitting the money, the amendment includes a default formula based on the funded ratio of each retirement system.

The surplus dollars cannot be used to pay for cost-of-living increases to retirees in the four systems or their beneficiaries. That provision will continue under the amendment proposal.

ARGUMENT FOR

Louisiana must cover its pension obligations to retired workers, and this approach would lower the state’s long-term financial burden. Spending more one-time money on billions of dollars in outstanding liabilities of the four pension systems will put the state on a stronger financial footing and lessen the money the state must pay annually for retirement debt. That would free up money in the budget to spend on other items, such as education and health care.

ARGUMENT AGAINST

Louisiana has a multibillion-dollar backlog in road and bridge work, coastal restoration projects, water system repairs and other infrastructure needs. State surplus dollars help address those backlogs. Removing a larger portion of that surplus from the legislative budget debate reduces the money available for other critical projects and removes lawmakers’ flexibility to determine their own state spending priorities.

Legal Citation: Act No. 107 (House Bill 47) by Rep. Richard Nelson and Sen. Barrow Peacock of the 2023 Regular Session amends Article VII, Section 10(D)(2)(b)(ii) and (iii).

OCT. 14 ELECTION AMENDMENT 4

Property Tax Exemptions for Nonprofit Organizations

**YOU
DECIDE**



A VOTE FOR WOULD:

Allow local government officials to remove a property tax exemption from nonprofit organizations that lease housing and have repeated public health or safety violations.

A VOTE AGAINST WOULD:

Maintain the current system of property tax exemptions for nonprofit organizations, including for those that have repeated public health and safety violations.

CURRENT SITUATION

The Louisiana Constitution provides many special property tax breaks to people and organizations.

Among those exempt from paying property taxes include nonprofit organizations for religious, burial, charitable, health, welfare, fraternal or educational purposes; nonprofit entities that house people who are homeless; labor organizations; fraternal and charitable lodges or clubs; nonprofits that promote trade, travel and commerce; nonprofit entities that are a trade, business, industry or professional association, with exceptions for property owned by a nonprofit for commercial use rather than the purposes of the nonprofit's mission.

No statewide data is collected about the number of nonprofits that receive these exemptions, the number of the properties that aren't taxed or the amount of property taxes not collected because of the tax break.

PROPOSED CHANGE

The amendment would authorize local governing authorities to remove the property tax exemption when a nonprofit leases its property as housing to others and the property has been found to endanger public health or safety because of repeated code violations.

CODE ENFORCEMENT VIOLATIONS TO REVOKE A PROPERTY TAX EXEMPTION

(Three or More Required)	Structural instability due to deterioration
	Injurious or toxic ventilation
	Contaminated or inoperable water supply
	Holes, breaks, rotting materials or mold in walls
	Roof defects that admit rain
	Unsecured overhang extensions in danger of collapse
	Hazardous electrical system
	Improper connection of fuel-burning appliances or equipment
	Inactive or inoperable fire detection system
	Unsecured or contaminated swimming pool

Before local officials could rescind or refuse the property tax break, the nonprofit that owns the property must have three or more code enforcement violations for the site in the last 12 months for specific health and safety issues for residents of its property or people who live in the nearby area.

The list of violations that would jeopardize the property tax exemption include structural instability; toxic ventilation; contaminated or broken water supply; holes, rotting material or mold in walls; roof problems that allow rain inside the building; a hazardous electrical system; and an inoperable fire detection system, among others.

A nonprofit that sees its property tax break denied or revoked because of the code violations could get the exemption back if the local governing officials determine the health and safety violations have been fixed.

The provisions would apply to tax years starting in 2024.

ARGUMENT FOR

Nonprofits that don't correct repeated problems with their apartments or other housing they lease to people and risk the health and welfare of residents or their neighbors should not be rewarded with valuable tax breaks. Local government authorities should be able to hold those nonprofits accountable for decisions that endanger the community. The tax break can be restored once the nonprofit makes the housing safe and livable.

ARGUMENT AGAINST

Code enforcement violations can be subjective. Local governing officials shouldn't make case-by-case decisions on valuable property tax breaks because the authority could be misused and based on politics. Nonprofits may need more time to remedy problems. There are ways to address unsafe housing in state law, rather than use the property tax system in the constitution. Removal of the tax exemption doesn't guarantee the conditions will be corrected.

Legal Citation: Act No. 48 (House Bill 46) by Reps. Jason Hughes and Alonzo Knox of the 2023 Regular Session amends Article VII, Section 21(B).

NOV. 18 ELECTION AMENDMENT 1

Deadlines to Veto Bills and Rules for Veto Sessions

YOU DECIDE



A VOTE FOR WOULD:

Allow lawmakers to try to override a governor's bill rejections without calling a separate veto session if they are already in a legislative session and add further details about the deadlines for a governor to veto bills.

A VOTE AGAINST WOULD:

Require lawmakers trying to override a governor's bill rejections to hold a separate veto session if the vetoes came in a legislative session that has ended and keep the current rules for a governor to issue bill vetoes.

CURRENT SITUATION

Louisiana's governor has the authority to veto entire bills and to strike out individual items from budget bills through a line-item veto. A bill becomes law if a governor does not sign it or veto it within a specific time: 10 days after the governor receives the bill if the Legislature remains in session or 20 days after the governor receives the bill if the legislative session has ended.

When a governor rejects bills, the constitution calls for a veto session to be scheduled automatically, starting at noon on the 40th day following final adjournment of the most recent legislative session. If the 40th day falls on Sunday, the session starts on Monday. The veto session can't last more than five days. A majority vote of either the House or Senate through a written ballot can scrap the gathering. The deadline to cancel the session is five days before the veto session is scheduled to start.

Lawmakers had canceled every veto session scheduled under the 1974 constitution until the current four-year term. They've held three veto sessions since 2021, with several legislators saying they believe veto sessions will be convened more regularly in the future.

Until this term, lawmakers overturned only two gubernatorial vetoes under the current constitution, both during regular sessions. During this term, lawmakers have overturned two more bill vetoes, both during veto sessions.

Lawmakers have held multiple special sessions in recent years, with many of those special sessions immediately following or preceding a regular session. Legal disagreements emerged about how the veto rules apply if one session has ended but another is ongoing. Questions arose about which deadlines apply for bill veto decisions if lawmakers adjourned a regular session but were in a special session when the governor receives bills passed in the recently ended regular session. Clashing legal opinions also surfaced about how to handle a veto session if its constitutionally set timing falls during another legislative session.

Lawmakers in 2022 adjourned an ongoing regular session temporarily and held a separate veto session to overturn one of the governor's vetoes of a bill from a prior special session because the required timing of the veto session fell amid the regular legislative session. Lawmakers adjourned their regular session on March 29, held a one-day veto session on March 30 and then returned for the regular session on April 4.

PROPOSED CHANGE

The amendment would spell out the governor's deadlines for deciding the fate of a bill and rework the rules governing veto sessions in instances where lawmakers are gathered in another legislative session.

The governor would have 10 days to determine whether to sign or veto a bill after receipt if the Legislature remains in the same session in which lawmakers passed the bill. The governor would have 20 days to decide on a bill after receiving it if the legislative session in which lawmakers passed the bill has adjourned. If the governor doesn't sign or veto a bill within the appropriate time frame, it still would become law.

If a scheduled veto session would fall during a regular or special legislative session, lawmakers could consider overriding the bill rejections without holding a separate veto session. If lawmakers aren't in another legislative session, existing rules for a veto session would apply.

ARGUMENT FOR

Writers of the Louisiana Constitution didn't anticipate a governor or lawmakers would call so many special sessions in a term, so they didn't properly account for how to apply bill veto rules across multiple sessions when they fall close together. Lawmakers only started holding veto sessions this term, and timeline problems have become apparent. The rules need more clarity.

ARGUMENT AGAINST

The Louisiana Constitution is clear in its deadlines for bill vetoes and its rules for veto sessions. No need exists to add extra details and more words to an already cluttered document. Repeated special sessions and veto sessions may not be an issue in future terms. The changes only make the provisions more confusing.

Legal Citation: Act No. 278 (House Bill 166) by Rep. Gregory Miller of the 2022 Regular Session amends Article III, Section 18.

NOV. 18 ELECTION AMENDMENT 2

Repeal of Inactive Special Funds in the Constitution

**YOU
DECIDE**



A VOTE FOR WOULD:

Remove six inactive funds with zero or near-zero balances from the Louisiana Constitution.

A VOTE AGAINST WOULD:

Keep the six inactive funds with zero or near-zero balances in the Louisiana Constitution.

CURRENT SITUATION

Louisiana lawmakers have dedicated various categories of state revenue, setting aside some money from certain taxes, mineral revenues, fees and settlements into special funds in the state treasury and requiring the funds be used only for specific purposes and programs. Many of these dedications and funds are created in the state constitution.

When the constitution was enacted in 1974, it contained only two special funds. In the nearly 50 years since then, lawmakers and voters have added more than two dozen more constitutional funds. No funds have been eliminated from the constitution since they were created. Some funds have longstanding zero balances or haven't been used in years, if ever.

PROPOSED CHANGE

The amendment would do away with six defunct funds that aren't being used and no longer fulfill the purposes for which they were created.

Five of the funds don't contain any money: the Agricultural and Seafood Products Support Fund, Atchafalaya Basin Conservation Fund, First Use Tax Trust Fund, Higher Education Louisiana Partnership (HELP) Fund and Millennium Leverage Fund.

INACTIVE FUNDS TO BE REMOVED

Atchafalaya Basin Conservation Fund
Higher Education Louisiana Partnership (HELP) Fund
Millennium Leverage Fund
Agricultural and Seafood Products Support Fund
First Use Tax Trust Fund
Louisiana Investment Fund for Enhancement (LIFE)

One fund that would be repealed, the Louisiana Investment Fund for Enhancement (LIFE), contains \$604, according to the state treasury. It hasn't collected money in two decades, with the last deposit made in the 2001-02 budget year. The \$604 would be transferred to the state general fund to use however lawmakers choose.

Lawmakers and voters added the LIFE fund to the state constitution in 1983 to set aside a portion of "windfall revenues" from the production of oil and gas in Louisiana above a base originally set at nearly \$1.1 billion. The base then was adjusted annually using a formula tied to the federal Consumer Price Index. Louisiana appears not to have hit the benchmark in more than 20 years. Spending money out of the fund required a two-thirds vote of state lawmakers. Lawmakers withdrew \$361,000 in the 2003-04 budget year, the last withdrawal recorded by the state treasury.

ARGUMENT FOR

Repealing inactive funds wouldn't change anything for the state financially, but it would clean up the cluttered Louisiana Constitution. Such dedications are better placed in state law where they can be reworked as Louisiana's financial circumstances and policies change. Defunct funds should be reviewed periodically and removed for lack of use.

ARGUMENT AGAINST

Lawmakers and voters created the funds for an initial purpose, and they may want to return them to use in the future. Highlighting their inactivity is a good way to review the original plans for the funds and determine if adjustments are needed. Leaving the funds in the state constitution doesn't harm anything.

Legal Citation: Act No. 199 (House Bill 254) by Rep. Polly Thomas of the 2023 Regular Session repeals Article VII, Sections 4(D)(4)(b), 10.4, 10.10 and 10.12(B) and (C) and Article IX, Sections 9 and 10.

NOV. 18 ELECTION AMENDMENT 3

Property Tax Exemptions for First Responders

**YOU
DECIDE**



A VOTE FOR WOULD:

Allow a parish governing authority to give an extra property tax exemption to police, firefighters and certain other first responders who own homes and live in the parish.

A VOTE AGAINST WOULD:

Maintain the current property tax system, which doesn't let parish governing authorities offer the extra tax break to first responders.

CURRENT SITUATION

The Louisiana Constitution authorizes homeowners to receive an exemption from most parish property taxes up to \$75,000 of the value of the homestead if they live in the home.

Additionally, the state provides many special property tax breaks for people depending on their status, such as homeowners with disabilities, some military veterans and homeowners of certain income levels who are 65 or older. Parish governing authorities also have the option to increase some of those exemptions under specific guidelines.

More than 197,000 homes received special assessments in 2022, the most recent year for which data is available from the Louisiana Tax Commission. The state prevents parishes and other local taxing bodies from imposing additional taxes, reappraising property or adjusting millages to make up the losses from those exemptions.

PROPOSED CHANGE

The amendment would let a parish governing authority, such as a parish council or police jury, approve an additional exemption from property taxes for up to \$25,000 of the value of the home to qualified first responders who live in the parish.

Eligible first responders would include sheriffs, police officers and others deputized as peace officers; firefighters, including volunteer firefighters who meet specific criteria; certified emergency medical services (EMS) workers; emergency operators and dispatchers; and other full-time public employees involved with rapid emergency response.

Tax assessors in the parish where the additional property tax exemption is authorized for first responders would have to create an annual application process that includes documentation from an employer confirming the person is eligible for the tax break.

The state would continue to prevent parishes and other local taxing bodies where the first responder property tax break is approved from imposing additional taxes, reappraising property or adjusting millages to make up the losses from the exemption.

The provisions would apply to tax years starting in 2024.

ARGUMENT FOR

Granting an additional property tax break can help recruit and retain people in needed first responder jobs, and areas with severe shortages of police officers are searching for more ways to draw people to the work. Making the positions more attractive to potential employees can improve

public safety. The parish governing authority, which relies on money from the property tax for its operations and services to residents, will make the decision whether to lessen its collections by authorizing the extra tax exemption for first responders.

ARGUMENT AGAINST

Special property tax breaks erode the dollars available to local government to provide needed services and shift the tax burden to fewer taxpayers. An extra tax exemption for first responders will decrease the tax revenue available to school systems and other local agencies, many of which won't have a say on whether to enact the exemption. It also will worsen an inequitable taxing system, where neighbors with houses of similar value can pay vastly different property tax bills.

Legal Citation: Act No. 179 (Senate Bill 127) by Sen. Royce Duplessis of the 2023 Regular Session add Article VII, Section 21(O).

NOV. 18 ELECTION AMENDMENT 4

Rule Changes for the Revenue Stabilization Trust Fund

**YOU
DECIDE**



A VOTE FOR WOULD:

Tighten the rules on allowed use of a seven-year-old state trust fund that collects dollars from corporate tax collections and oil and gas production in Louisiana.

A VOTE AGAINST WOULD:

Maintain broad rules for emergency use of a seven-year-old state trust fund that collects dollars from corporate tax collections and gas production in Louisiana.

CURRENT SITUATION

Louisiana deposits higher-than-usual business tax collections and certain dollars from oil and gas exploration into the Revenue Stabilization Trust Fund to lessen the overreliance on volatile income sources for the state budget. The savings account, created by lawmakers and voters in 2016, quickly amassed more than \$2.2 billion and is expected to grow larger. Most of the money comes from corporate income and franchise tax collections.

The savings account aims to lessen boom-and-bust budget cycles in Louisiana tied to wide fluctuations in revenue sources that are less stable than individual income and sales tax collections. Corporate income and franchise tax collections above \$600 million annually and a portion of oil and gas production revenue (such as severance tax and royalty collections) above \$660 million each year must flow to the trust fund, rather than to the state general fund. That limits the use of the money to specific guidelines and creates hurdles for accessing the cash.

Once the fund reaches \$5 billion, lawmakers can spend up to 10% of the money on projects in the state construction budget and transportation infrastructure. However, the constitution lets lawmakers, with a two-thirds vote of the House and Senate, change the minimum fund balance triggers and the allowable percentage that can be spent on those projects. It also allows lawmakers to use any amount of the balance in an undefined emergency without reaching the \$5 billion benchmark if they gain approval from two-thirds of their colleagues. They could theoretically drain the entire fund at any time with a two-thirds vote.

The Revenue Stabilization Trust Fund is separate from Louisiana's Budget Stabilization Fund, more commonly called the "rainy day" fund. That savings account contains a separate \$900 million, largely filled with portions of state surpluses.

PROPOSED CHANGE

The amendment would remove the provision allowing withdrawals of any amount up to the full balance from the Revenue Stabilization Trust Fund in an undefined emergency with a two-thirds legislative vote and replace it with more restrictive language involving budget deficits. Lawmakers technically could still use the fund at any time, but it would take a more complicated series of votes and involve more constraints.

If the state faces a budget deficit in a current or upcoming financial year, lawmakers would be able to use up to \$250 million from the Revenue Stabilization Trust Fund under certain circumstances with a two-thirds vote of the House and Senate.

However, they could only access the savings account after they've tapped into the state's separate rainy day fund, used the full amount of its money available to them and still have a budget deficit. Spending from the rainy day fund also requires two-thirds of lawmakers to approve, and lawmakers can only spend one-third of its balance in a fiscal year.

If lawmakers max out their use of the rainy day fund and a deficit remains in a current budget year, they could take out as much as \$250 million from the Revenue Stabilization Trust Fund. If lawmakers max out their use of the rainy day fund and a deficit remains in the next budget year, they could take out only as much as is needed to fill the remaining gap, up to \$250 million.

In other words, lawmakers facing a budget deficit would have to get a two-thirds vote to spend the maximum dollars allowed from the rainy day fund. Then, they likely would have to get a second two-thirds vote to spend up to \$250 million from the Revenue Stabilization Trust Fund, with differing circumstances depending on which year contains a budget deficit.

Once they meet the budget criteria to remove money from the trust funds, they could spend dollars from both savings accounts for whatever purpose they choose. They also could spend above the \$250 million limit from the Revenue Stabilization Trust Fund in a deficit year with a two-thirds vote of the House and Senate if they meet the other criteria.

The amendment wouldn't change the Louisiana Legislature's ability to spend up to 10% of the Revenue Stabilization Trust Fund balance on construction projects once the fund reaches \$5 billion. It also wouldn't change lawmakers' ability to access the money sooner or spend a greater share of the dollars for those categories of projects with a two-thirds legislative vote. In any year, lawmakers could access the fund in any amount with a two-thirds vote, but the dollars could only be spent on construction projects and transportation infrastructure.

The method for depositing oil and gas revenue and corporate tax collections into the fund wouldn't be altered, so the amendment would not impact the amount of money that flows into the account.

ARGUMENT FOR

The Revenue Stabilization Trust Fund was created to bring more certainty to state budgeting and give lawmakers a financing source for needed infrastructure projects. Existing broad language allowing lawmakers to deplete the entire fund in anything they consider an emergency undermines the intent of the savings account and could let legislators squander billions of dollars.

ARGUMENT AGAINST

Louisiana locks up too much money in constitutionally protected accounts that limit lawmakers' ability to respond to the state's changing needs and circumstances. This amendment would worsen the problem, removing the Legislature's flexibility to tap into the Revenue Stabilization Trust Fund in times lawmakers consider an emergency. Conversely, if the intent is to keep the money from being squandered, the amendment doesn't go far enough to protect the dollars.

Legal Citation: Act No. 198 (House Bill 244) by Rep. Stuart Bishop of the 2023 Regular Session amends Article VII, Section 10.15(E)(1) and (F) and adds Article VII, Section 10.15(G).