

**Louisiana Constitutional Amendments
On the October 14th Statewide Ballot**

**Summaries Prepared by LABI Staff
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CA No. 1 – Property Tax Exemption for Construction Work In Progress

LABI: SUPPORT

Historically, local government does not assess property taxes on materials purchased by contractors and home builders for construction work in progress, also known as “CWIP.” Instead, these construction materials are taxed as **inventory** before use in a construction project, and then assessed **property** taxes as a building or other site when construction is complete.

However, a recent court ruling has opened the door for local government to tax these construction materials before the building or site is complete, significantly raising the costs of construction projects. For example, the new property tax bill for materials for the construction of a new \$100,000 home (in a parish with a millage rate of 120 mills) could incur \$1,800 in property tax before the home is even complete and occupied. In short, construction work would be taxed three times by local government: as inventory, for construction materials during the project and again at completion.

This Constitutional Amendment would exempt materials delivered to a construction site from additional taxation until the house, building or site is developed and ready for use. Local government is not collecting this revenue now, so tax revenue will not be lost if adopted by the voters. LABI’s Program of Work supports a tax structure that is competitive, properly balanced and predictable, and CA No. 1 advances these goals.

CA No. 2 – Homestead Exemption for Surviving Spouse

LABI Position: NO POSITION

The Constitution exempts homesteads from property taxation up to \$75,000. The CA would exempt the total assessed value of a homestead for unmarried spouses of emergency medical responder, technician, paramedic, volunteer firefighter, or law enforcement officer who died while on duty. The property must have been the residence of the individual prior to his or her death. LABI took no position on the bill during the legislative session and therefore has no position on the ballot measure.

CA No. 3 – Dedication of New Gas Tax Revenue to Construction

LABI: NO POSITION

Louisiana voters dedicated gas taxes to the Transportation Trust Fund in the state Constitution, which can be used for a variety of purposes generally related to infrastructure, safety and transit. Since then, tens of millions of dollars from the TTF are diverted annually to such costs as State Police traffic control,

retirement for transportation employees and risk management. CA No. 3 establishes a Construction Subfund within the TTF for any new gas taxes enacted after July 1, 2017, which would be further restricted to project delivery, construction and maintenance of transportation and capital transit infrastructure of state and local government. The new dollars in the Construction Subfund would be prohibited from funding employee wages, benefits or retirement. LABI took no position on the bill during the legislative session and therefore has no position on the ballot measure.
