PAR
PUBLIC AFFAIRS RESEARCH COUNCIL OF LA., INC.

Guide to the Proposed Constitutional Amendment

April 29, 1989 Election

THE AMENDMENT WOULD:

Add, amend and repeal constitutional provisions relating to state and local taxes and to budget and fiscal procedures. In addition to the constitutional changes listed below, approval would trigger implementation of other legislation enacted which is contingent on passage of this proposed amendment.

State Taxes

- Remove personal income tax rates, allow the Legislature to set them, but retain the 6% maximum rate and deductibility of federal taxes.
- Establish a 6% maximum rate for corporate income taxes in lieu of the 8% set by law, and permit repeal of deductibility of federal taxes.
- Remove the $3 private auto license tax rate and let the Legislature determine rates.
- Lower the authorized state property tax from 5.75 to 1 mill.

Local Taxes

- Authorize local school boards, parishes and municipalities to reinstate, without voter approval, their maximum constitutional millages which were lowered due to reassessment. Increase the school board maximum constitutional millage levied without voter approval from 5 to 5.5 mills, but allow boards with higher adjusted millages to retain them.
- Authorize local school boards to levy property taxes with voter approval which are not subject to present legislative restriction as to amount, purpose and duration.
- Let fire protection districts levy property taxes without homestead exemption if local voters approve.
- Remove homestead exemption for certain New Orleans city taxes.
- Repeal the requirement that local occupational license tax rates cannot exceed the state rate. Allow the Legislature to set local rates with a two-thirds vote.
- Require only one local sales tax collector per parish by 1991.

State & Local Taxes

- Ban state and local sales taxes on gasoline/motor fuels which are subject to an excise tax.
- Make eligible for industrial tax exemption new distribution facilities and additions to existing facilities.
- Create a board to waive all or part of inventory taxes on new or expanded manufacturing or distribution facilities.

State Financial Procedures

- Require the state to maintain balanced budgets but if deficits occur, pay them off the next year.
- Give constitutional status to the Revenue Estimating Conference which provides official projections of state revenues.
- Limit growth in state spending to growth in state personal income. Use excess money for a "rainy day fund."
- Stabilize effect of erratic mineral revenue on the state operating budget by dedicating certain mineral revenue to a trust fund; allow interest to be used to finance unfunded liability of retirement systems, repay state debt or other purposes provided by law.
- Create a central authority and a dedicated fund to protect Louisiana wetlands.
- Create a transportation fund with phase-in of dedicated revenues for highways, bridges and other public works. Guarantee at least one cent of the gasoline/motor fuel tax to Parish Transportation Fund.
- Constitutionally protect projects in a new program (TIME) to provide four-lane highways linking cities of 5,000 population or more, and to fund other capital projects.
- Tighten spending from the interest earnings of the Louisiana Quality Education Trust Fund [8 (g)] for administrative costs and for elementary-secondary programs not in the state school aid formula.
- Dedicate motor vehicle license taxes to state and local roads and state police.
- Dedicate one third of new severance tax on lignite, up to $100,000 per year, to each parish where production occurs.
- Make constitutional the practice of colleges not sending their fees and charges through the state treasury.
- Require budgetary control of boards that do not deposit their fees in the state treasury but receive state general funds; provide budgetary oversight of retirement boards.
- Repeal dedication of the first-use tax which the U.S. Supreme Court declared unconstitutional.
- Repeal the defunct Louisiana Investment Fund for Enhancement (LIFE) intended to siphon off excess state mineral revenues.

TABLE 1
Proposed State Tax Rates and Provisions

Tax	Current	Proposed
PERSONAL INCOME TAX		
• Rates and Brackets for Joint Return	Taxable Income — Rate First $20,000 or less — 2% Next $80,000 — 4% Over $100,000 — 6%	Taxable Income — Rate First $20,000 or less — 3% Next $10,000 — 4% Next $30,000 — 5% Over $60,000 — 6%
	(Single-filer brackets half of the above)	
• Standard Exemption	$9,000 joint return	Phase-out between $20,000 and $56,000 in tax table income
	(Single-filer exemption and phase-out bracket half of the above)	
• Low Income Tax Credit	None	Taxable Income — Credit Allowed Less than $5,000 — 40% $5,000-$10,000 — 30% $10,000-$15,000 — 20% $15,000-$30,000 — 10% (Single-filer brackets half of the above)
• Deduction of Federal Excess Itemized Deductions	Fully deductible	Phase-out for adjusted gross income, $100,000 to $175,000 (Single-filer, half of the above)
• Alternative Minimum Tax	None	Tied to federal minimum tax provision
CORPORATE INCOME TAX		
• Rate Schedule	Taxable Income — Rate First $25,000 — 4% Next $25,000 — 5% Next $50,000 — 6% Next $100,000 — 7% Above $200,000 — 8%	Taxable Income — Rate First $25,000 — 4% Next $25,000 — 5% Above $50,000 — 6%
• Federal Tax Payments	Deductible	No deductibility after 1988. Firms with less than $100,000 taxable income get 20% tax credit to offset loss of deductibility
• Loss Carryover Period	5 years	15-year carryover for losses after 1983
• "S" corporations	Taxed as corporations	Tax treatment as partnership on share of income equal to share of stock held by residents or nonresidents who pay Louisiana income tax
CORPORATION FRANCHISE TAX		
Tax Rate and Base	$1.50/$1,000 on first $300,000 of capital, surplus, undivided profits and borrowed capital; $3 per $1,000 above $300,000	(1) Long-term debt removed from the tax base over 3 years beginning 1990-91 (2) $25 flat fee per year with taxable capital of $200,000 or less
SEVERANCE TAX ON NATURAL GAS	7 cents/MCF	Taxpayer options: (1) 8.1 cents/MCF with rate indexed to gas fuels price (7 cents/MCF minimum) (2) 4.25% of value with 7 cents/MCF minimum
SALES TAX		
Rates for Selected Purchases[a]	Most items — 4%	4%
	Food — 3	2
	Drugs (prescription) — 1	2
	Utilities — 3	2
	Gasoline — 3	0[b]
	Articles traded in — 3	0
	Telecommunications service — 0[c]	4[c]
	Cable TV service — 0	2
	Equipment bought to lease — 4	0
	50-ton vessels — 1	0
	Property for use offshore — 3	0
	Agriculture equipment — 3	0
	By state & local government — 3	0
	Machinery & equipment — 4	4[d]
GASOLINE/MOTOR FUELS TAX	16 cents/gallon	20 cents/gallon[b]
WINE TAX		
• Low Alcohol	3 cents/liter	6 cents/liter
• High Alcohol	6 cents/liter	12 cents/liter
TOBACCO TAX		
• Cigarettes	16 cents/pack	22 cents/pack
• Smokeless Tobacco	0	10%
• Cigars	8% and 20%	10%
• Smoking Tobacco	33%	10%
MOTOR VEHICLES LICENSE TAX		
• Private Automobiles	$3/year	• $10/year minimum • $10/year/$10,000 of value at time of title transfer
PROPERTY TAX-STATE LEVY	0[e]	1 mill 1989-90, ½ mill thereafter

a Includes 3% state tax and 1% Louisiana Recovery District tax.
b Removal of sales tax on gasoline partially offsets increase in motor fuels tax.
c A 2% telecommunications excise tax now levied would be repealed.
d All of the sales tax paid would be taken as a credit against income and corporation franchise tax liability by manufacturers, processing firms, wholesale distribution and research facilities.
e 5.75 mills authorized but not levied.

Impact of the Tax Plan

The tax plan proposed by the constitutional amendment and companion legislation would significantly alter the state's tax structure and affect local taxing authority as well. The rate changes proposed for state taxes are summarized in Table 1.

Table 2 shows the estimated impact on state revenue from each of the proposed state tax changes. Some changes would increase revenue, while others would cause a loss of tax dollars. The total impact, however, would be essentially revenue neutral; the state would gain $116 million the first year, fiscal 1989-90, above what the current tax base would yield, but this gain would taper off to a loss of $1 million by fiscal 1992-93. Revenue available to the state general fund would diminish compared to what the current tax base would yield due to new dedications, but the general fund would be relieved of financing highways and bridges which would receive most of the proposed dedicated money.

The impact of the tax plan on individuals and business, as shown in Table 3, presents the proposed changes from taxes currently being paid (including certain temporary sales tax items).

The first-year increase in state taxes, including the gasoline tax, would total $116 million. Personal taxes would increase in fiscal 1989-90 by an estimated $171 million, and business taxes would decline by $55 million. By fiscal 1992-93, the phased-in changes in the corporation franchise tax and the machinery and equipment tax credit would help reduce business taxes by $219 million. The total increase in personal

TABLE 2
Impact of Proposed State Tax Changes
(In Thousands)[a]

	1988-89	1989-90	1990-91	1991-92	1992-93
A. 1988-89 Tax Base Continued[b]					
Total Taxes, Licenses and Fees	$4,300	$4,501	$4,724	$4,896	$5,084
Less Total Dedications	(259)	(259)	(266)	(266)	(266)
Net Available State General Fund	$4,041	$4,242	$4,458	$4,630	$4,819
B. Proposed Tax Changes					
Corporate Franchise		(3)	(41)	(83)	(129)
Corporate Income		0	18	20	21
"S" Corporation		(10)	(22)	(24)	(26)
Personal Income		176	193	196	211
Education Tax Credit		0	0	0	0
Minimum Alternative Tax		0	5	5	5
Sales Tax					
General and Motor Vehicle		(134)	(140)	(148)	(154)
Telecommunications Intrastate (net)		32	34	36	37
Telecommunications Interstate		34	36	37	39
Lease/Purchase		(13)	(14)	(14)	(15)
Machinery/Equipment		(16)	(33)	(51)	(69)
Barges/Offshore		(16)	(17)	(18)	(19)
Trade-ins		(16)	(16)	(17)	(18)
Agricultural Equipment		(9)	(9)	(10)	(10)
Motor Fuels		(71)	(72)	(74)	(75)
Government Purchases		(9)	(9)	(9)	(10)
Natural Gas Severance		16	24	31	39
Tobacco/Wine		30	29	28	27
Motor Vehicle Licenses		20	21	42	43
Property Tax		11	6	6	7
Tax Impact of Changes		23	(7)	(47)	(97)
State General Fund After Tax Changes		$4,264	$4,451	$4,583	$4,721
C. New Program Funding					
Gasoline/Motor Fuels-New Tax for Highways		93	94	95	96
D. New Dedications					
Highways-Existing Motor Fuels Tax		280	330	380	384
Wetlands Fund-Existing Mineral Revenue		5	5	5	5
Mineral Revenue Fund		0	0	0	0
Cancer/Health Fund-New Cigarette Tax		9	8	8	8
Tax Assessment-Ad Valorem Tax		7	4	4	4
State General Fund After Tax Changes and Dedications	$4,041	$3,963	$4,104	$4,186	$4,320
Total Tax Increases		$ 116	$ 87	$ 48	$ (1)

a May not add due to rounding.
b Continues present suspension of sales tax exemptions and education tax credit.
SOURCE: Legislative Fiscal Office.

taxes would rise to $218 million by 1992-93, leaving total state tax revenues at virtually the same level as under the current tax structure.

The new tax structure, however, would target much of the business tax relief to provide incentives for capital investment and development. Additional incentives, using local property tax exemptions, would be targeted to manufacturing and distribution firms in particular.

Table 4 estimates the changes in various taxes payable by a family of four. Total state taxes generally would remain the same or fall slightly for families with adjusted gross incomes below $27,500, while a family with a $40,000 income would pay only $102 more annually. For incomes above $40,000, the tax increase would rise as a percentage of income.

TABLE 3
Impact of State Tax Changes on Business and Individuals (In Millions)[a]

	1989-90			1992-93		
	Total[b]	Business	Personal	Total[b]	Business	Personal
Total Corp. Income/Franchise	$ (13)	$ (13)	$ 0	$(135)	$(135)	$ 0
Total Personal Income	176	0	176	216	0	216
Total Sales	(217)	(97)	(120)	(294)	(160)	(134)
All Other	170	55	116	212	75	136
Total of All Taxes[b]	$116	$ (55)	$171	$ (1)	$(219)	$ 218

a Impact compared to 1988-89 tax base (including temporary taxes).
b May not add due to rounding.
SOURCE: Legislative Fiscal Office.

TABLE 4
Changes in State Taxes Paid by a Family of Four (Proposed 1989-90 Less 1988-89)

Federal Adjusted Gross Income	Income Tax	Sales Tax	Gas Tax	Tobacco Tax	Total State Tax	Federal Income Tax*	Total State Taxes
$ 5,000	$ 0	$ (36)	$ 24	$ 8	$ (4)	$ 0	$ (4)
10,000	0	(43)	27	8	(7)	0	(7)
15,000	(5)	(50)	31	9	(15)	0	(15)
20,000	6	(56)	34	9	(7)	0	(7)
25,000	9	(61)	37	9	(6)	0	(6)
40,000	120	(75)	47	10	102	0	102
50,000	347	(83)	53	11	328	(115)	213
75,000	558	(91)	69	13	549	(184)	365
100,000	765	(95)	85	14	769	(253)	516
125,000	1,337	(87)	102	16	1,368	(441)	927

* Assumes taxpayers with income below $50,000 do not itemize deductions on federal tax return.
SOURCE: Calculations by Dr. Timothy Ryan.

Budgeting & Fiscal Procedure Changes

The Revenue Estimating Conference would be constitutionally established with membership, duties and a unanimous voting requirement identical to existing statutory provisions. The membership and unanimous voting requirement could be changed by a two-thirds vote of each house of the Legislature.

The conference would adopt and publish an official estimate of monies available for appropriation from the state general fund and dedicated funds in the current and next fiscal year.

Neither spending proposed in the executive budget and general appropriation bill nor actual appropriations could exceed the official revenue estimate. If a deficit existed in any fund at the end of a fiscal year, it would have to be eliminated by the end of the next fiscal year.

Mineral Revenues

The deposit of mineral revenues into the state general fund, a new Wetlands Preservation Fund, and a new Mineral Revenue Trust Fund would be triggered by the amount of mineral revenues received each year, as shown in Figure 1.

These mineral revenues would be severance taxes, royalties, bonuses and rentals--less constitutional dedications to parishes, the Wildlife and Fisheries Conservation Fund, and the 8 (g) funds.

The balance of mineral revenues in the Wetlands Preservation Fund could not exceed $40 million. The Legislative Fiscal Office (LFO) estimates that only $5 million would be deposited annually for several years; to trigger the additional deposits mandated, oil prices would need to exceed $17 per barrel or natural gas prices increase substantially.

The Wetlands Preservation Authority would be required to develop and implement (subject to legislative approval) a comprehensive plan to preserve the state's wetlands, including a priority list of projects to be funded with money from the Wetlands Preservation Fund. The authority could direct any state executive branch agency or board to take actions necessary to implement the wetlands preservation plan, including superseding any existing policy, rule or regulation.

The principal of the Mineral Revenue Trust Fund could not be spent. Interest earnings could be appropriated for: (1) annual amortization of the unfunded accrued liability of the public retirement systems; (2) early retirement of state debt, and (3) after satisfying the above requirements, as provided by law. The $750 million base could be increased every 10 years beginning in 1998 by a two-thirds vote of each house of the Legislature. The LFO projects no deposits to this trust fund for several years and estimates that the $750 million threshold will not be reached until the price of oil increases to about $23 per barrel and/or natural gas prices rise substantially.

8 (g) Quality Education Funding

Louisiana received a windfall through a federal law, Section 8 (g); the constitution dedicates 75% of the interest and recurring revenue to specified education programs.

The proposed amendment would tighten controls on 8 (g) spending. Administrative costs would have to be authorized and approved by law, with specific appropriations. In practice, 8 (g) funds have been used for a variety of administrative costs. The proposal also would change the present constitutional provision regarding 8 (g) financing of elementary-secondary programs. The constitution now states that 8 (g) funding cannot replace general fund financing of the state school aid Minimum Foundation Program (MFP). This has allowed 8 (g) funds to be used for programs outside the MFP formerly financed by general funds but which were eliminated or cut. Under the proposal, 8 (g) funding of elementary-secondary education could not replace general fund financing of the previous year--the same restriction which now applies to higher and vo-tech education 8 (g) funding.

Expenditure Limit & Stabilization Fund

Beginning in fiscal 1992-93, spending from the state general fund and dedicated funds would be limited to the previous year's appropriations plus an amount determined by a growth factor. The growth factor used is the average annual percentage change in state personal income for the prior three calendar years.

For example, if appropriations for fiscal 1991-92 from state funds were $5 billion and the average annual percentage change in state personal income for 1989, 1990 and 1991 were 4%, the expenditure limit for fiscal 1992-93 would be:
$5 billion + ($5 billion x 4%)=
$5.2 billion

The Legislature could change the calculated expenditure limit by a two-thirds vote of each house.

The LFO estimates that without major oil and/or natural gas price increases or economic expansion, the limit is not likely to go into effect. Any monies available for appropriation in excess of the expenditure limit would be placed in a new Revenue Stabilization Fund.

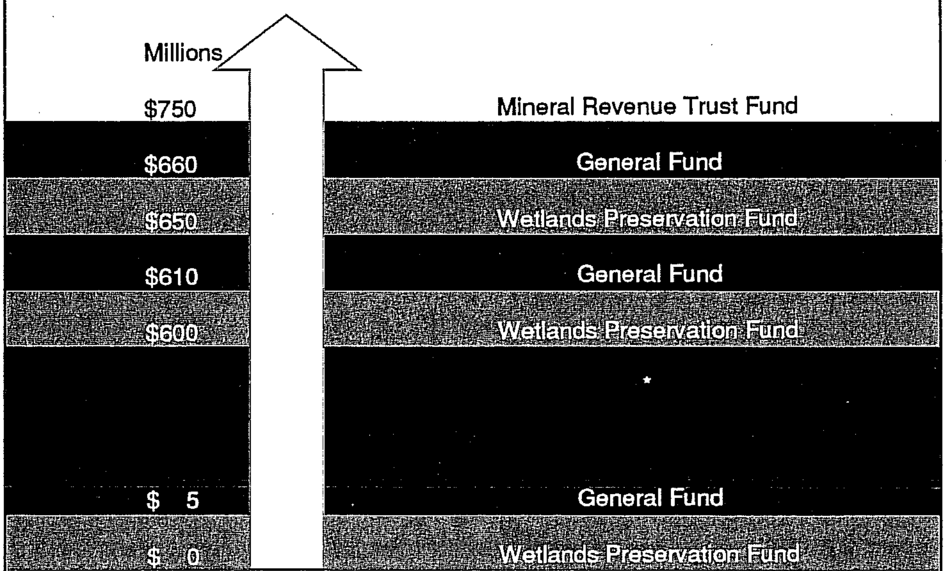
Appropriations from the fund could only be made as follows:

(1) If the official revenue estimate for the next fiscal year were less than revenues received the previous fiscal year, half of the difference could be offset by including monies from the stabilization fund in the official estimate for the next fiscal year if this amount did not exceed one third of the fund.

(2) If a deficit were projected for the current fiscal year due to a downward revision of the official estimate, up to one third of the fund (but not more than the deficit) could be appropriated.

(3) In no event could the amount included in the official revenue estimate for the next fiscal year plus the amount appropriated in the current fiscal year exceed one third of the fund balance at the beginning of the then current fiscal year.

FIGURE 1
Proposed Distribution of Annual State Mineral Revenues



* Projected total oil and gas revenues for fiscal 1989-90, including revenues from proposed change in natural gas severance tax base.

Transportation and Public Works

Louisiana has a priority system established by law to determine highway and bridge needs based on annual evaluation of condition, traffic count and safety. These evaluations show \$2.9 billion is needed over the next 10 years, excluding inflation, to bring state highways and bridges up to federal minimum standards.

Highway user taxes are not dedicated to highways, but an equivalent 10.7 cents of the present 16-cents per gallon gasoline/motor fuel tax was appropriated this year for highways and bridges.

Transportation Trust Fund

The proposed amendment would establish a Transportation Trust Fund with the present 16-cent gasoline/motor fuel tax dedicated to it over a phased three-year period: 12 cents in fiscal 1989-90; 14 cents in fiscal 1990-91, and 16 cents thereafter. Future gasoline/motor fuel tax increases would go to the fund as would state sales taxes on fuel not now subject to an excise tax, such as aviation fuel, and also federal transportation and aviation funds. The phased dedication of the 16-cent tax would increase highway funding above the present level by \$22 million in fiscal 1989-90, \$67 million in fiscal 1990-91, and \$112 million in fiscal 1991-92. Trust fund revenues would be used to construct and maintain state and federal highways, statewide flood control, ports, airports, and the Parish Transportation Fund which includes parish roads and mass transit.

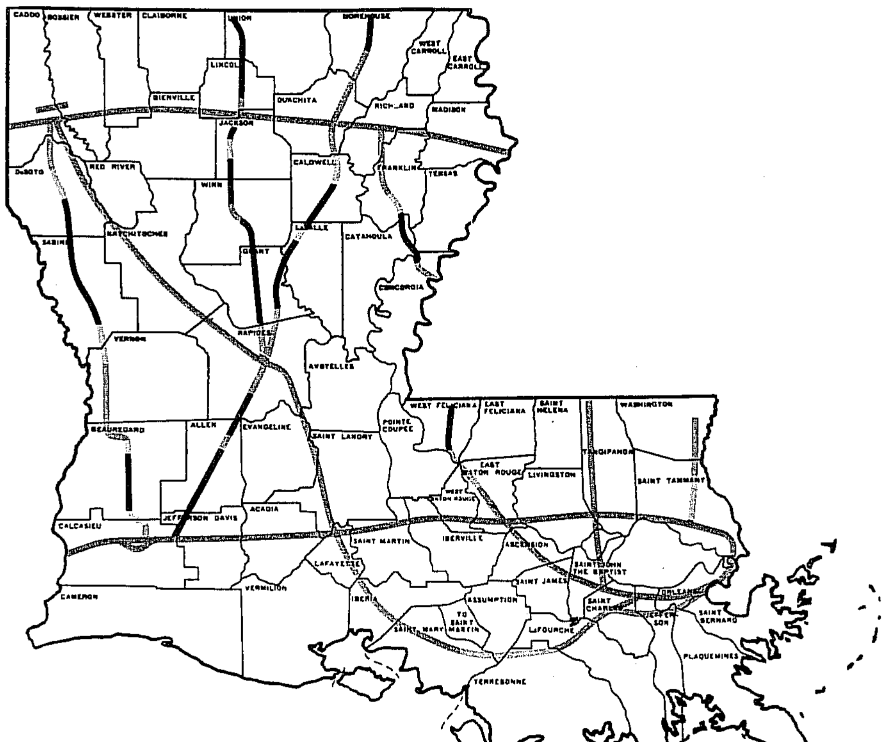
The 16-cent tax dedication is expected to allow the state's highway and bridge needs to be financed on a cash basis. The Legislature would determine annual appropriations from the trust fund, according to priority programs established by law. Priority programs have been enacted except for ports and airports. The amount appropriated for ports, parish roads and flood control would be limited to 16% of trust fund money in 1989-90, 18% in 1990-91, and 20% in future years.

TIME Program

Act 16, a companion act, would increase the gasoline/motor fuel tax from 16 cents to 20 cents a gallon and dedicate the four-cent increase (\$93 million the first year) to a new program--Transportation Infrastructure Model for Economic Development (TIME).

The actual increase would be one cent on \$1 a gallon since the present 3% state sales tax on gasoline/motor fuel would be removed and permanently banned by the proposed amendment.

FIGURE 2
Proposed TIME Highway Program
and Its Relationship to Present Highway Program



- Interstate
- Existing four-lane & under construction
- Planned four-lanes moved from regular to TIME program
- New four-lanes in TIME program

PROJECTS IN TIME PROGRAM

U. S. 171 - Lake Charles to Shreveport (\$170 million)
U. S. 165 - Lake Charles to Alexandria to Monroe to Arkansas state line (\$248 million)
U. S. 167 - Alexandria to Ruston to Arkansas state line (\$182 million)
U. S. 90 - Morgan City to Houma (\$210 million)
U. S. 61/LA 15 - Monroe to Baton Rouge (\$84 million)
LA 3241 - I-12 to Bogalusa to Mississippi state line (\$50 million)
Huey Long Bridge (Orleans area) - Widen to six full lanes (\$60 million)
St. Francisville Bridge - New bridge at Mississippi River (\$50 million)
Florida Avenue Bridge (Orleans area) - New bridge at Industrial Canal (\$32 million)
Tchoupitoulas/West Napoleon/Westbank Expressway/ Earhart Boulevard Improvements (New Orleans) - \$100 million
Port of New Orleans and New Orleans Airport Improvement - \$175 million

Act 16 would establish a TIME fund to finance specific projects listed in the act which cost $1.4 billion and would be constructed over a 10- to 12-year period.

The program's main objective is to build a four-lane intrastate highway network linking cities of 5,000 population or more by widening existing highway segments. Figure 2 shows location of the TIME projects.

The TIME program includes $420 million of projects now in the regular program; financing of most of these projects would be accelerated as would projects remaining in the regular program.

Money in the TIME fund could be bonded; the program would cease after 15 years or when all bonds were repaid. At least 80% of those employed on TIME projects would have to be Louisiana citizens.

Act 16 depends on voter ratification of this proposed amendment but if voters do not ratify it, Act 16 would continue until January 1, 1990 in case another constitutional amendment is proposed and ratified.

Job Creation

The Road Information Program (TRIP), a national nonprofit organization, issued a March 1989 report on the economic impact of increasing Louisiana's highway construction funding.

For each $100 million increase in highway construction, 2,926 jobs would be created.

The additional $100 million would generate $62.6 million in immediate benefits--$14.3 million in state and local taxes, and $48.3 million motorists would save in vehicle operating costs such as motor fuel consumption, tire wear, auto repairs and general vehicle depreciation.

Comment

The proposed tax package would not obviate the need for state budget cuts. The tax changes would produce $116 million more next fiscal year, 1989-90, than if the current tax base were continued. By fiscal 1992-93 when proposed tax changes would be implemented fully, the state would receive about the same amount of tax revenue as it would by continuing the current taxes. The state general fund would receive less revenue than it would under the current tax base because of new and expanded dedications. Dedication of the gasoline/motor fuel tax would have the most impact on the general fund, but highways and bridges would not depend on general fund financing.

Louisiana has several alternatives:

1. If the amendment is approved and the proposed tax changes go into effect, the state budget will have to be cut by some $200 million to be in balance.

2. If the amendment fails and the proposed tax changes do not go into effect but the Legislature continues this year's sales tax base and suspension of the education tax credit, the state budget will have to be cut by some $200 million. However, suspension of tax exemptions in an odd-year regular session when tax increases are constitutionally prohibited may lead to litigation.

3. If the amendment fails and the Legislature does not continue suspension of the current sales tax exemptions and education tax credit (or raise revenue through other means), the budget would have to be cut by $700 million or more. Spending areas subject to cuts (primarily higher education, health and hospitals) would have to be reduced by 20% to 30%.

The proposed tax changes do little to give local governments more taxing authority. Thus, local governments will continue to depend heavily on state aid which the state can ill afford. Businesses will continue to pay about 95% of the property tax, and few homeowners will pay property taxes.

The proposed amendment, together with companion acts, would revamp the state tax structure:

• State taxes imposed directly on individuals and businesses would be redistributed. Families with adjusted gross incomes of $27,500 or less (more than two thirds of all Louisiana families) would pay the same or less in state taxes than they now do. Less than $9 a month would be the most that 79% of all families would pay in added state taxes. Individuals at the upper income levels would pay more, primarily in personal income tax.

• Certain types of business would pay less in taxes. The maximum rate in the corporate income tax would be reduced, but there would be a moderate increase due to disallowing deduction of federal corporate taxes. The corporation franchise tax would be reduced for companies with long-term debt, and so would taxes on small "S" corporations that could be treated as partnerships and avoid paying corporate income taxes. Small corporations (less than $100,000 taxable income) would get a 20% corporate income tax credit to help offset loss of federal tax deductibility, and corporations with taxable capital below $200,000 would pay a flat $25 corporation franchise tax. Certain businesses would benefit from sales tax credits on their income and corporation franchise taxes for purchases of machinery and equipment. There would be no sales tax on equipment bought to lease. New and expanded businesses could have inventory taxes wholly or partially waived.

• The state tax structure would be more progressive (taxes based on ability to pay) by less state reliance on the sales tax which is regressive on the poor and no longer deductible from the federal income tax, and more reliance on the personal income tax for higher income taxpayers.

• The natural gas severance tax and private auto license tax would be changed from volume to value, allowing revenue growth.

• The levy of a modest state property tax and expanded authority of the Louisiana Tax Commission should provide the means to equalize assessments among and within parishes. This could lead to more effective and expanded use of the property tax to finance local services.

Proposed changes in budgeting and financial procedures should make the state more fiscally responsible. The state could not merely enact a balanced budget; it would have to operate under one. The present statutory Revenue Estimating Conference would have a constitutional guarantee of continuation. Eventually the state would be weaned from its overreliance on erratic mineral revenues. Interest earnings on the mineral trust fund would be used to reduce some large state liabilities. A proposed spending limit would be unlikely to come into play unless a major change occurs in the state's economy.

Louisiana's wetlands would gain some protection by creating a central authority and dedicating part of mineral revenues to a trust fund.

Louisiana can either pay to have good roads and enjoy the benefits, or pay for the lack of them. Louisiana could lose federal highway funds if it does not maintain federal highways. The TIME program to have an intrastate network of four-lane highways is similar to a program initiated in Mississippi and proposed in Arkansas.

Tighter controls on spending 8 (g) funds would help assure this money enhances the quality of education.

Businesses operating statewide or in several parishes would have relief by dealing with only one local sales tax collector per parish.

Legal Citation

Act 1 of 1989 First Special Session, amending Article VII and repealing Article VI, Section 28, and Article IX, Sections 9 and 10. Acts 3 and 16 of the 1989 First Special Session are companion acts, contingent on approval of the amendment.

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