



# PAR Mini-Guide to the 2020 Constitutional Amendments

Argument For



Argument Against



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# Amendment 1: No Right to Abortion

## Proposed Change

The proposed amendment says that nothing in the Constitution shall be construed to secure or protect a right to abortion or require the funding of abortion. It would have no immediate effect but would limit any future state judicial interpretation that might otherwise find a right to abortion.

## Argument For

The purpose of this amendment is to place the abortion issue in the hands of the people through their elected officials and their statewide vote on this amendment, rather than with their state court judges. Judicial consideration of such important issues should be decided on the clear intent of law passed by the Legislature rather than on legal ambiguities.

## Argument Against

If Roe v. Wade is not overturned, this amendment at best would be pointless and at worst could result in the courts allowing further restrictions on access and funding. Women who want to end a pregnancy cannot wait for long court battles to determine their rights. The amendment has no exceptions for cases involving rape, incest or the mother's risk of death. Louisiana already has a law to ban abortion if Roe vs. Wade is overturned.



# Amendment 2: Oil and Gas Well Assessment

## Proposed Change

Supported jointly by assessors and the oil and gas industry, this amendment specifies that the production of an oil or gas well may be included in the methodology when determining the fair market value of a well for the purpose of ad valorem, or property, taxes. The intent is not to raise or lower taxes on oil and gas wells in general. However, a shift in tax burden would occur. Low-producing or shut-in wells may be assessed less, and wells with higher production potential may be assessed more.

## Argument For

Assessors and the oil and gas industry came together to create this amendment after decades of disagreement. The amendment allows the income approach to be considered when assessing an oil or gas well, along with the market and cost approaches. It could reduce litigation. It may lessen the unfair tax burden on some low producers. No one spoke against the amendment during committee hearings.

## Argument Against

Although assessors and the oil industry have said this change would not raise taxes, the Legislative Fiscal Office stated that any effect on local tax bases is speculative. Some parishes could receive more in property taxes while others could receive less as a result of this amendment. While the amendment allows a new assessment method, a better solution would be a broader and more fundamental change to create a Constitution that allows the Legislature more flexibility with state fiscal policy.



## Amendment 3: Rainy Day Fund and Disasters

### Proposed Change

The amendment allows the fund to offset state costs associated with a federally declared disaster. It does not change any of the other constitutional reasons for tapping the fund. The amount used still cannot exceed more than one-third of total money in the fund. A two-thirds vote of the House and Senate would still be required to tap it.

### Argument For

Louisiana is frequently beset with disasters such as hurricanes and floods. The cost of the response is often expensive. The federal government will reimburse the state a large portion of disaster related expenses, but the state might not have adequate resources readily available to pay up front or to pay its share. To prevent a cash flow crisis, the state could tap the Rainy Day Fund quickly and get reimbursed later, if this amendment passes.

### Argument Against

Under this amendment the Rainy Day Fund could be tapped even if the state isn't facing a sudden shortfall in revenue. This new method of tapping the fund would be used way too frequently and undermine the original purpose of the Rainy Day Fund, which is to temper the state budget in times of revenue surges and boost the budget when revenue unexpectedly falls. The fund is already designed to handle state financial problems even in the case of disasters.



# Amendment 4: State Budget Expenditure Limit

## Proposed Change

The amendment requires the Legislature to establish a procedure to determine the expenditure limit. It does not alter the existing constitutional balanced budget requirement. The procedure would allow an annual growth factor that cannot exceed 5% in a year. The growth factor can be negative. Once established, the procedure for the growth rate shall not be changed except by a law enacted by a two-thirds vote of the elected members of each house of the Legislature.

## Argument For

Once a budget is increased, it is politically difficult to cut it. State government spends every tax dollar it gets and when times get tough politicians either resort to budget gimmicks or raising taxes.

Tightening the expenditure limit would attack this problem on the front end by slowing how much can be added to the budget. This amendment does not prevent the budget from growing, but likely reduces the maximum growth and brings predictability when compared to the current system.

## Argument Against

This amendment does not ensure more efficient government; that will only come with changes to fiscal mandates and constraints. No protected funds or mandated spending increases would be eliminated. Therefore, this new system will make the Legislature's options less flexible. This amendment seeks to treat the symptoms of budget growth without curing the root problems. State government is ultimately constrained by the amount of revenue it receives. If citizens want to shrink government, the proper remedy is to elect people who will do so.



# Amendment 5: Payments instead of property taxes

## Proposed Change

The amendment lets manufacturers and local government bodies negotiate deals for payments in lieu of taxes for new projects or additions without the need to transfer legal title of the project. Property covered by an agreement for payments in lieu of taxes would be exempt from the payment of property taxes. The manufacturer must meet the same qualifications as required by ITEP to be eligible for this PILOT.

## Argument For

The Louisiana School Board Association, the Police Jury Association, the Louisiana Sheriff's Association and multiple business organizations support this amendment. It gives local governments an additional, optional tool for incentivizing business investment and empowers local governments to negotiate a more "front-loaded" funding schedule for local needs without having to wait out the eight- or 10-year ITEP period. The payments can be used by local governments for a variety of purposes, including operations or to service bonds for public infrastructure projects

## Argument Against

Assessors generally oppose this amendment. These PILOTS have the potential to be more generous than the ITEP tax break. Although the manufacturer might begin paying earlier than under ITEP, the company could get a better tax break by paying less taxes than would be due after the eight- or 10-year ITEP period expires. If a business pays taxes in advance, it will want to be compensated for doing so. That means the local government could receive less tax revenue, which could lead to spending cuts or tax increases.



# Amendment 6: Expanded property tax freezes

## Proposed Change

Property tax assessments are frozen for homeowners of certain income levels who are: age 65 or older; disabled veterans; surviving spouses of members of the military who were killed in action; and the totally disabled. The amendment keeps the property assessment freeze program in place but raises the income limitation level to \$100,000. This new threshold would be effective upon adoption and would be adjusted for inflation each year starting in the 2026 tax year. The number of affected homeowners and the local revenue impacts are unknown. The Legislative Fiscal Office notes that most age-65 or older homeowners in the state are already eligible for the assessment freeze.

## Argument For

More seniors are skipping retirement at 65 and are still in dual-income households. Full social security benefits do not kick in until well after age 65. Many older working residents have incomes above the current freeze threshold and deserve the break alongside their retired peers. We have a growing retiree population and a shrinking population of workers, so keeping more people in the workforce is a good idea for Louisiana. This amendment would make Louisiana a more attractive place for retirees.

## Argument Against

If people are working longer and making more income later in life, then this amendment moves us in the wrong direction. As the population ages, we will have more retirees and fewer people paying full property taxes. Special assessments or “freezes” were created to help those on a fixed income, not so much for those gainfully employed. It is hard to see the need for special treatment for those making over \$80,000. Already, vast amounts of household property values are untaxed in Louisiana due to the homestead exemption, the assessment freezes and other tax breaks.



# Amendment 7: New fund for unclaimed property protection

## Proposed Change

The amendment creates the Louisiana Unclaimed Property Permanent Trust Fund. The fund principal would be used solely for the payment of claims. Any money not refunded in a given year would stay in the Unclaimed Property Fund rather than flow into the general fund. The state Treasurer would invest the balance, including up to 50% in stocks and other equities.

## Argument For

This amendment protects money that belongs to individuals. Unclaimed property comes to the state with somebody's name on it and the state's job is to try to find those people. This money does not belong to the state; it's for the citizens with rightful claims. This amendment would arrest the growing liability associated with habitually moving excess unclaimed property to the general fund. By allowing the fund to be invested, it creates a future revenue stream for the state that would not be dependent on spending other people's property.

## Argument Against

The Unclaimed Property Program has existed for almost 50 years and has never had more claims than collections in a year. Even with increased returns in 2019 there was still an excess of about \$12 million after dedications. The cash flow issue of the program has existed from its inception because state law requires remittances to be paid to the Treasury. State law could be adjusted to reduce this problem. This money is put to good use by funding important programs such as K-12 education, healthcare and state colleges. The state needs every dollar it can get if it is going to fund government without raising taxes.



# Proposition to allow sports betting by parish

## Proposed Change

This vote makes no change to the state Constitution. Under this act, sports betting would be permitted in any parish where the majority of voters say yes on the Nov. 3 proposition for the new form of wagering. However, even in those parishes, the wagering would not happen immediately. Such bets would continue to be illegal until state laws and regulations are adopted, including methods of taxation.

## Argument For

People already bet illegally on football, basketball and other games. This vote would just legalize and formalize the activity and allow the state and local governments to regulate and tax it. Louisiana could win back some of this business and tax base from Mississippi and other states that are capturing the market, as well as unsanctioned online betting platforms that are hosted overseas. Retail and digital gambling companies could earn net revenue of up to \$330 million per year in Louisiana and pay taxes on the activity.

## Argument Against

This is a major expansion of gambling in Louisiana. Permitting digital sports betting would expand it further to homes and mobile devices across the state and to young people in particular. That means an expansion of all the ills that come with “gaming,” which is just a legal fiction developed in Louisiana, a state that leads the nation in allowing the most types of gambling. Government should not encourage citizens to gamble and then force the taxpayers to pay for the financial and societal problems it causes. The initiative could have been limited to casino activity but instead is aimed at encouraging online gambling also. Claims of increased revenue and beneficial business associated with gambling are often overstated.