

**STATEMENT OF LOUISIANA ASSOCIATION OF BUSINESS AND INDUSTRY
(LABI) PRESIDENT DAN JUNEAU**

**REGARDING GOVERNOR JINDAL'S SUPPORT FOR INCREASING THE
HOMESTEAD EXEMPTION**

FOR IMMEDIATE RELEASE

May 5, 2009

Contact: Brigitte Nieland
(225) 928-5388

(Baton Rouge, LA) – “LABI was extremely disappointed in Governor Bobby Jindal’s recent announcement that he supports an increase in the homestead exemption. Our Board of Directors clearly communicated our opposition to any increase in the homestead exemption in a letter to him dated February 12. Our position was further elaborated in a face-to-face meeting I had with the Governor on March 13. In that meeting, I presented Governor Jindal with U.S. Census Bureau data that showed Louisiana ranked dead last (51st out of the 50 states and the District of Columbia) in residential property taxes paid. I reminded the Governor in that meeting that we have the highest homestead exemption in the nation at \$75,000. I strongly suggested to him that, if we already are paying the lowest amount of residential property taxes among the states and we have the highest homestead exemption, it makes no sense from a tax policy or economic development standpoint to increase the exemption. Governor Jindal offered no reasons for supporting efforts to increase the homestead exemption. I would hope that he does not suggest that an increase in the homestead exemption will result in a *reduction* of property taxes. It will not. Instead, it will *transfer* property taxes from some taxpayers to others who are already paying more than their fair share.

“Governor Jindal ran for office on a platform that championed improving the business climate of the state. One of the biggest symbols of unequal treatment of businesses that we broadcast to the rest of the nation is the high level of our homestead exemption. In our state, almost 50 percent of the residents pay no property tax at the parish level. That results in business and commercial interests paying approximately 80 percent of the property tax burden. If the legislation the Governor says he supports becomes law, that percentage will increase exponentially. We will send a clear message to existing businesses and to the national and international business community that if they choose to expand or locate in Louisiana, they will inherit an ever-increasing portion of an already disproportionate share of the property tax levy. I don’t envy the Governor’s Secretary of Economic Development if he has to explain that change in policy to business and industrial prospects.

“Governor Jindal touted his legislation last year that accelerated (by one year) the phase out of two adverse business taxes and removed (effective July 1) the final one-cent of the business utilities sales tax. LABI gave the Governor well-deserved credit for doing that. Unfortunately, if the homestead exemption increase he supports becomes law, in short order the increase in business property taxes will far exceed the tax savings from the tax changes enacted

last year. In fact, it would quickly become the largest business tax increase since the last time the homestead exemption was expanded.

“The legislation supported by the Governor would shrink the local property tax base, automatically increase millages, and result in significantly higher property taxes for those who pay them. If the Governor and the Legislature want local governments to come to Baton Rouge in larger numbers to get even more funding for purely local needs, then perhaps increasing the homestead exemption makes sense. Unfortunately, if that happens, state priorities such as post-secondary education, health care, and highway construction will suffer even more in the future. That would not create a positive legacy for Governor Jindal.

“In the letter LABI sent to the Governor on February 12, and in my meeting with him on March 13, we asked him to show some leadership on this issue to stop a bad situation from becoming worse. Today we ask him again to step forward and speak out against legislation that will adversely affect our business climate and make local governments even more dependent on scarce state revenues. Leadership entails steering tough issues in the right direction. This is a golden opportunity for the Governor to do that.”

#