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## **BGR MEDIA RELEASE**

*For Immediate Release – June 8, 2010*

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### **BGR Highlights the ‘Forgotten Promises’ of the State’s Revenue Sharing Fund**

The Bureau of Governmental Research today releases *Forgotten Promises: The Lost Connection between the Homestead Exemption and the Revenue Sharing Fund*. The report, which examines the shifting of the cost of the exemption from the state to local government, is available on BGR’s web site, [www.bgr.org](http://www.bgr.org).

The state’s Revenue Sharing Fund was established decades ago to offset the tax revenue losses suffered by local governments because of the homestead exemption. While the fund once provided adequate compensation to local governments for their revenue losses, it now falls far short of addressing the tax impact of the exemption. In 2009, the fund offset only a fraction of the local government tax losses on homestead-exempt property. In the New Orleans area, for example, Jefferson, Orleans and St. Tammany parishes received reimbursements for only 7% to 12% of their losses.

These facts tend to be forgotten whenever state legislators introduce proposals to expand the homestead exemption. This is certainly true in the current session. Some proposals, such as pending Senate Bill 23, would go so far as to double the exemption. No increases are proposed, however, for the Revenue Sharing Fund.

BGR remains opposed to increasing the homestead exemption, for several reasons. Increasing the exemption would make it more expensive to do business and rent property in Louisiana. It would also place downward pressure on the tax base, forcing governments to raise millage rates or cut back services.

If legislators nonetheless think a homestead exemption increase is warranted, they should return to the past practice of providing local governments with the state funds necessary to offset the revenues lost through the homestead exemption.

“Over time, the state has steadily shifted the growing cost of the homestead exemption onto local governments,” said BGR Chairman Hans B. Jonassen. “Expanding the exemption without compensating local governments would be irresponsible.”

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*BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policy-making and the effective use of public resources in the Greater New Orleans area. For more information call 525-4152 or visit BGR's website, [www.bgr.org](http://www.bgr.org).*

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