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BGR Media Release

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BGR Examines Constitutional Amendment No. 6

Today BGR releases [*On the Ballot: Tax Phase-In Constitutional Amendment, November 6, 2018.*](#) Voters statewide will decide on November 6 whether to approve a constitutional amendment that would allow eligible homeowners to phase in an increase in property taxes resulting from a reappraisal. The four-year phase-in process would apply only to residential properties subject to the homestead exemption that increase in assessed value by more than 50% because of a reappraisal.

During the phase-in process, homeowners would pay taxes based on the assessed value prior to reappraisal, plus a portion of the increase in assessed value. That portion would begin at 25% in Year 1 and increase to 50% in Year 2, 75% in Year 3 and the full assessed value in Year 4.

The amendment prohibits the phase-in process from applying to an assessment increase attributable to construction or improvements. Also, if an owner sells or transfers an eligible property during the phase-in period, the phase-in process would terminate.

If voters reject the proposition, the State constitution's current provisions regarding the calculation and payment of property taxes would remain unchanged.

The report and a one-page summary are available [here](#).

BGR Position:

AGAINST. The proposed amendment is well-intentioned with its purpose of addressing financial hardships resulting from escalating property taxes. However, supporters of the amendment could not quantify the extent of any existing problem or estimate how many homeowners the amendment might assist. The basic eligibility threshold of an assessment increase exceeding 50% appears arbitrary and not tailored to address the problem of financial hardship the amendment is trying to solve.

The amendment would also create a number of issues. It would create unfairness between eligible and ineligible homeowners, particularly for those homeowners whose assessment increases are near, but do not exceed, the amendment's threshold. Further, the amendment would place a significant administrative burden on parish and municipal tax collectors without providing uniform guidance. This creates a risk of inconsistent and uneven administration within a parish and throughout the state, or worse, a risk of misuse of the mechanism.

The extent of the impact of escalating property taxes on homeowners should be better defined and analyzed. Given the amendment's flaws, it should not make its way into the State constitution, where any modifications would require another constitutional amendment. Before pursuing other attempts at property tax relief, the Legislature should assess the extent of taxpayer need and match it to a precise solution that is fair and effective. Additionally, the Legislature should establish consistent standards for transparent implementation by parish assessors and local tax collectors.

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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.