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Louisiana Budget Project opposes ban on real estate transfer tax

Published: Monday, November 14, 2011, 1:50 PM Updated: Monday, November 14, 2011, 1:50 PM



By **Ed Anderson, The Times-Picayune**

BATON ROUGE -- A proposal to change the state Constitution **to ban new real estate transfer taxes or fees** has drawn the opposition of a second Baton Rouge research organization.



Don Ryan, The Associated Press

A second public policy group has come out against a proposed constitutional amendment on the ballot Saturday that would ban new taxes or fees on real estate transfers.

The Louisiana Budget Project, a private organization that analyzes fiscal issues and their impact on low- and moderate-income residents, Monday called on voters to reject Constitutional Amendment 1, the only statewide item on the ballot in Saturday's election.

The measure is being promoted for passage by real estate agents, Realtors and business groups a way to thwart impediments to buying or selling homes, businesses and undeveloped land.

In an analysis of the proposition, Budget Project analyst Tim Mathis said the measure

would "damage the ability of the state and local governments to provide revenue needed to support health care, education and other essential services."

The fees are not now imposed, except in Orleans Parish where the \$325 is added to the cost of the transaction in the form of a "documentary transaction tax."

If approved, the state would be the fourth in the nation to constitutionally ban the real estate tax. The other three are Arizona, Montana and Missouri.

The state Constitution does not now allow nor prohibit the imposition of the tax. If passed, the ban would not affect the ability of clerks of court to assess fees to record real estate transactions or Realtors, agents and lawyers who charge fees at the closing of a sale.

It would prohibit state and local governments -- except New Orleans -- from imposing the fee or tax.

Banning the tax "by constitutional fiat is not the way to go," Jan Moller, president of the project said.

Mathis' study said passage of the measure would "unnecessarily tie the hands of future policymakers at the state and local level as they grapple with budget challenges. . . .As policymakers search for the right mix of cuts and revenue measures to solve those (budget) shortfalls, they should have the option" of being able to impose the real estate transfer tax to diversify their tax bases.

The study said that parishes need "more flexibility -- not less -- as they cope with" dwindling revenues. "Amendment 1 is a step in the wrong direction, Mathis's study said.

The **Council for a Better Louisiana**, another Baton Rouge-based research and advocacy group, stated its opposition to the amendment along similar lines as the Budget Project.

Backers of the amendment have put about \$260,000 into a full-blown media campaign to convince voters to pass it.

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