# Local Taxation in Louisiana

## Alternatives for Local Public Support of Child Care

University of Louisiana Lafayette
B.I. Moody III College of Business Administration

University of Louisiana Lafayette
Kathleen Babineaux Blanco Public Policy Center

Louisiana Policy Institute for Children

November 2022

# Contributors

## Lead Authors

Stephen R. Barnes, PhD*
Chase J. Edwards, JD/MBA†
Matthew R. Holland, BSBA*

* Kathleen Babineaux Blanco Public Policy Center, University of Louisiana at Lafayette
† B.I. Moody III College of Business, University of Louisiana at Lafayette

## Acknowledgements

Comments and additional input provided by Libbie Sonnier, PhD; RuthAnne Oakey-Frost; and Heather Cope of the Louisiana Policy Institute for Children. In addition, we thank the Louisiana Policy Institute for Children for funding that supported the development of this report.

# Executive Summary

**The need for expanded access to quality early care and education in Louisiana is clear.**

There are economic and social returns to increasing access to early care, which allows parents to return to work and yields better outcomes for children. Parental absences due to child care are estimated to cost Louisiana's economy $1.3 billion. Quality early care is associated with a higher paid workforce, lower incarceration rates, improved health outcomes, and reduced welfare costs. Managing child care costs is especially challenging for low-income families, comprising an average of 35% of household incomes for households making less than $43,440 per year.

**Louisiana recently increased state funding for child care programs, but there are still many unserved low-income families.**

In addition to approximately $96 million in federal funding that supports direct services for the Child Care Assistance Program (CCAP), Louisiana recently increased state funding for CCAP from $11.2 million to $36.2 million. However, there are 178,000 children under the age of 6 who are eligible for CCAP, though only 20,183 children aged 0-5 received public support for child care in June of 2022. Providing assistance for all eligible children under the age of 6 could cost an additional $1.2 billion at current reimbursement rates for CCAP.

**In order to meet the gaps in early care funding and enrollment, Louisiana's local governments can provide additional sources of revenue to supplement what is already available from state and federal sources.**

Louisiana's municipalities and parishes are more limited than the state in their ability to generate revenue. Constitutional and statutory restrictions on local taxing power leaves sales and property taxes as the two primary sources of revenues most easily controlled by local entities. The use of sales and property taxes to fund local governments is common throughout the United States, but Louisiana differs in that it is one of only three states in the nation where sales taxes are the majority source of tax revenue for local governments. Other states in the U.S. greatly favor property taxes as their majority source of revenue. This fact, coupled with a statewide sales tax rate of 4.45%, explains why Louisiana is consistently ranked as having the highest combined state and local sales tax rates in the nation.

Louisiana's sales tax code is notoriously complex. The Louisiana Constitution and Revised Statutes set general limits on the sales tax rate for parishes and municipalities; however, there are numerous exceptions for individual entities. Local property tax collections are limited by constitutionally mandated assessment rates and exemptions like the homestead exemption and the Industrial Tax Exemption Program. These exemptions, coupled with generally low property values in poor and rural areas, can set a low ceiling for the amount of property tax revenue that can be collected in some jurisdictions.

This study examines the different methods local governments can use to leverage their power of taxation to meet child care needs in their district. There is not a one-size-fits-all approach for generating revenue at the local level. However, this document is designed as a resource to help local leaders consider which approach may be best given a jurisdiction's tax base, its administrative capacity, how a tax could impact residents, and the different methods for creating and structuring tax districts.

# Table of Contents


Introduction . . . 1
The Current State of Child Care in Louisiana . . . 1
Existing Framework & Funding Sources for Louisiana Child Care Facilities . . . 2
Sources of Local Revenue in Louisiana . . . 3
The Creation and Funding of Local Tax Districts . . . 5
Considering Who Pays: Tax Burden, Tax Incidence, and Progressivity . . . 6
Sales Tax Burden in Louisiana . . . 6
Property Tax Burden in Louisiana . . . 7
Tax Burden Review . . . 9
Sales Tax Overview . . . 9
Authority to Set Rates . . . 10
Limits on the Sales Tax Base . . . 12
Considerations for Funding Child Care via Sales Tax . . . 12
Sales Tax and Child Care Use Cases . . . 13
Property Tax Overview . . . 13
Authority to Set Rates . . . 14
Current Millage Rates . . . 15
Limits on the Property Tax Base . . . 16
Considerations for Funding Child Care via Property Tax . . . 17
Property Tax and Child Care Use Cases . . . 18
Other Structures and Methods to Leverage Local Tax Revenue . . . 18
Special Tax Districts . . . 19
Public-Private Partnerships . . . 20
Bonded Indebtedness . . . 20
Public Trusts . . . 21
Tax Increment Financing . . . 21
Conclusions . . . 22
State Reforms to Support Local Action . . . 23
References . . . 25
Appendix . . . 27
Tax Jurisdictions of Ascension Parish . . . 27
Sales & Property Tax Tables & Figures . . . 29

# Introduction

The disruption of the COVID-19 pandemic has demonstrated the critical importance of child care for American families and for the economy as a whole. Quality early child care provides significant social and educational benefits to young children and creates a lasting economic impact with a high rate of return for public spending. But child care also places a burden on working families and their community. When families have limited choices for quality child care, parents may be forced to miss work or leave a job completely. These absences have a negative effect on economic growth that can be limited with greater access to affordable child care.

In acknowledgment of the growing need for access to quality child care, Louisiana's Board of Elementary and Secondary Education (BESE) has expanded eligibility for the Child Care Assistance Program (CCAP), which provides federal funds for low-income working families in need of affordable, high-quality child care. The CCAP expansion raised the household income eligibility requirement to 65% of state median income, SMI, in 2021 and increased reimbursement rates for child care centers. BESE then raised the eligibility threshold again to 85% of SMI in 2022. However, even before the expansion, only 20,183 of an estimated 178,000 eligible children aged 5 and under were enrolled in a publicly funded care program.[1] The low rate of participation is the result of a range of obstacles including access challenges, affordability, and ongoing concerns about quality.

Considering the social and economic benefits of quality child care and the burden that the lack of consistent, quality child care places on parents and their employers, Louisiana parishes and municipalities may want to develop additional funding streams to improve the availability and quality of early care and education programs in their communities. A localized child care initiative will likely rely on existing mechanisms for funding parish and local governments in Louisiana, like levying sales and property taxes, though there are statewide reforms that could open up new opportunities.

This report provides an overview of local taxation options in Louisiana, focusing on the legal framework for generating new sources of revenue and the capacity for parishes and municipalities to levy additional taxes at the local level. These pages offer a broad overview of parish and local taxes in Louisiana, but it is worth noting the lens through which this study was conducted, which is to identify the capacity for local governments to provide additional funding for child care programs that go beyond the contributions from state and federal sources. The following two sections provide a brief overview of the economic impact of child care and the public sources of funding for child care assistance programs in Louisiana.[2]

## The Current State of Child Care in Louisiana

Child care is a costly but necessary service for families in Louisiana. The COVID-19 pandemic has brought to light the impacts a disruption in child care services can have on families and the economy. Without an affordable and reliable option for child care, parents may have to miss work or leave their jobs, which results in declining incomes and productivity. According to a recent policy brief by the Kathleen Babineaux Blanco Public Policy Center (Blanco Center), parental absences for child care were estimated to have a $1.3 billion total impact on Louisiana's economy,

1 The Louisiana Department of Education provides monthly statistics on participation in child care programs. The figure cited is a calculated monthly average for the total number of children, aged 5 and under, enrolled in a state program, including CCAP and foster programs. The eligibility estimate is based on the number of children in households with incomes under 200% of the poverty line, approximately equal to 85% of Louisiana's median household income for a family of three.

2 For a deeper look at the economic impacts of child care in Louisiana, see the Blanco Center's "Child Care and the Economy in Louisiana" policy brief, which can be found at blancocenter.louisiana.edu/research.

prior to the pandemic.[3] In addition to the economic impacts of parental absences, high-quality early care and education is linked to student success later in life. A quality early education paves the way for a better trained and higher paid workforce, lower incarceration rates, improved health outcomes, and reduced welfare costs (Nores, Belfield, and Barnett) (Campbell, Ramey and Pungello). Because the gains from early education accumulate over a lifetime, the return of early interventions has a higher rate of return than programs targeted at adults or older children. There is an estimated $12.90 economic return for every $1 of public funding invested in high-quality early care and education (Nores, Belfield, and Barnett).

Despite the economic and social returns, quality child care is out of reach for many families in Louisiana. Child care is one of the biggest expenses for low-income families in the U.S., consuming an average of 35% of household incomes for families below 200% of the poverty line (Malik). The Louisiana Policy Institute for Children and the Louisiana Department of Education (LDOE) found that finding quality child care is difficult for 78% of Louisiana working families, requiring parents to borrow money or cut down on household expenses in order to afford care (Sonnier-Neto, Cope and Oakey-Frost). The average cost of infant care in Louisiana is $8,580 per year, which, while lower than that of other states, is higher than the average annual cost of attending a public university in Louisiana, which is $8,292 (Child Care Aware of America). There are numerous ways for families to defray the cost of college, but opportunities to defray the costs of child care are limited.

## Existing Framework & Funding Sources for Louisiana Child Care Facilities

Louisiana child care centers are required to be licensed by LDOE if they serve seven or more children for more than 12.5 hours per week. In 2018, there were 975 of these licensed facilities in Louisiana, which made up less than 10% of the child care providers in the state (Committee for Economic Development). The majority of care providers in Louisiana are home-based. There is no licensure requirement for home-based providers caring for fewer than seven children per week, and the registration process for home-based care with LDOE is voluntary. The LDOE estimates that 124,866 children attended paid early care and education in a provider setting in 2020—though this number is likely to be an underestimate due to the substantial number of unregistered home-based providers in the state (Louisiana Dept. of Education).[4] In June 2022, 25,484 children received public support for their care, including 24,859 through the Child Care Assistance Program (CCAP) and 625 foster children.[5]

About 10 percent of all child care providers received some amount of public funding through CCAP or the foster care program. Providers can also receive tax credits through Louisiana's School Readiness Tax Credits program, which provides tax breaks to families, child care providers, and care center directors and staff if they participate in LDOE's Quality Start Child Care Rating System (Louisiana Dept. of Revenue). Louisiana child care centers can also receive federal funding through the U.S. Department of Health & Human Services Head Start program.

The federal Head Start program, the state-run Child Care Assistance Program (CCAP), and the LA 4 Pre-K Program are the three primary sources of subsidized child care in Louisiana. Federal dollars provide the majority of funding for all three of these programs. In Fiscal Year 2019, Louisiana received almost $195 million in Head Start funding, with 20,819 children enrolled (U.S. Dept. of Health and Human Services). LA 4 was allocated $50 million in federal TANF (Temporary Assistance

3 Kathleen Babineaux Blanco Public Policy Center. "Child Care and the Economy in Louisiana." Policy Research Brief. April 2021.

4 The population of children aged 5 or under in Louisiana was 304,900 in 2020, according to the U.S. Census Bureau.

5 June 2022 figure was the most recent month of available from LDOE's Child Care Program Statistics.

for Needy Families) funds in Fiscal Year 2022 while the state general fund provided an additional $28 million. CCAP is also largely funded through federal grant programs, namely the Child Care Development Fund Block Grant, which provides approximately $96 million annually for direct services.[6] Louisiana also recently increased the state contribution to CCAP from $11.2 million annually to $36.2 million annually.

Despite recent increases in state funding, Louisiana's Child Care Assistance Program continues to lack the adequate funds to reach all of the children eligible to participate in the program. LDOE spent a monthly average of $669 per child under the age of 6 enrolled in the state's CCAP and foster care programs. To make the same average payment for all 178,000 eligible children under 6 would cost the state an additional $1.2 billion per year. This gap in coverage is not likely to be closed by state and federal funding alone. A natural next step is to examine how local government entities like parish or municipal governments might contribute to funding child care initiatives in Louisiana.

The remainder of this report will review the legal framework and capacity of local governments to generate revenue via various methods. Common sources of tax revenue will be examined through the lens of how they could be applied toward funding child care.

## Sources of Local Revenue in Louisiana

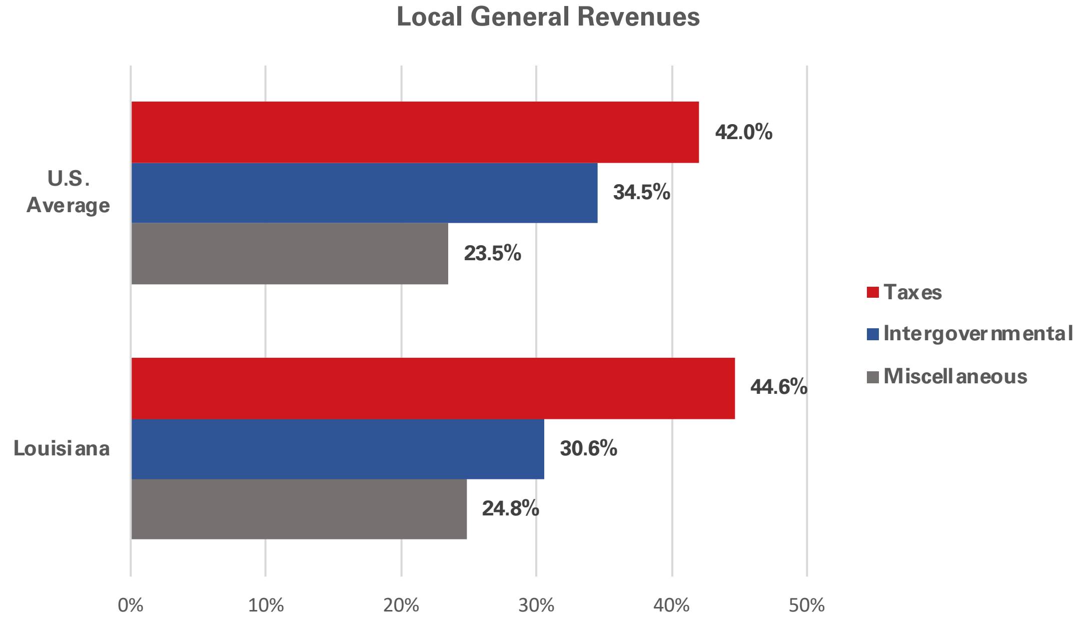
Local governments in Louisiana are more restricted than the state government in the variety of tax types they are permitted to levy. The Louisiana Constitution prohibits political subdivisions of the state from levying taxes on personal or corporate income, inheritances, sales of motor fuels, or severance taxes on the production of natural resources (LA Const. Art. VII, §4.). Therefore, local governments rely almost entirely on sales tax and property tax as the two major sources of tax revenue, though taxes are only one source of general revenue.

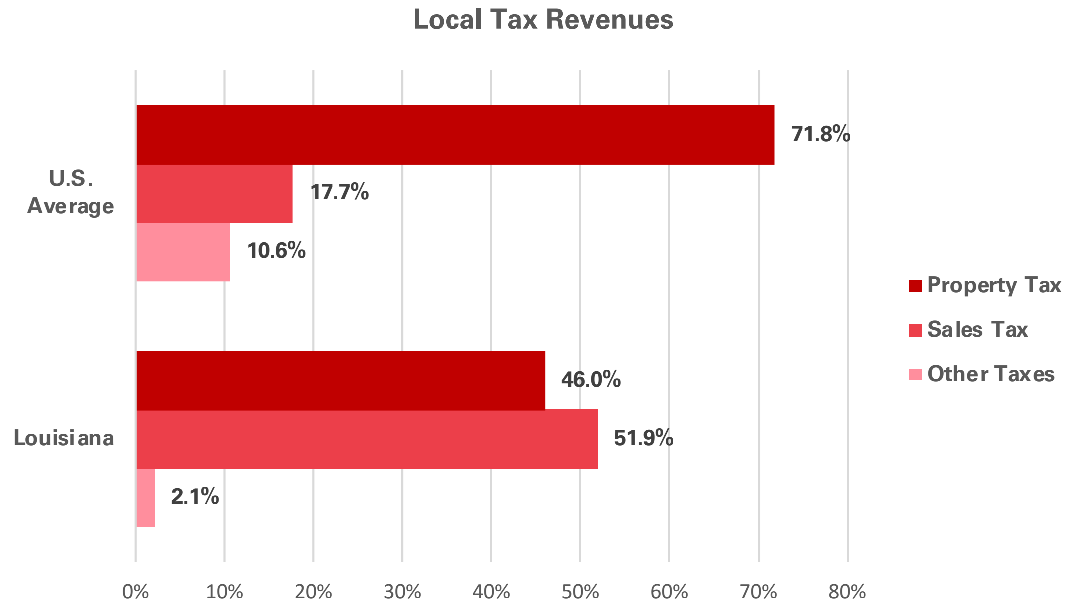
On average, Louisiana's local governments receive nearly 45% of their revenues from taxes, while about 30% comes from intergovernmental transfers—state and federal funding which is usually tied to specific government programs (see **Figures 1 & 2**). The remaining 25% comes from a variety of miscellaneous sources like fees and charges generated from locally operated services (U.S. Census Bureau).[7] Miscellaneous sources of revenue can be highly variable across local government entities and in many cases difficult to adjust, while intergovernmental transfers are set by state and federal governments, and thus, are out of the direct control of local entities. Due to the inflexibility of non-tax revenue sources, and the constitutional prohibition on other types of taxes, local governments turn to sales and property taxes when they need to generate new sources of revenue. The mix of general revenues in Louisiana is almost identical to the U.S. average, but when drilling down into the mix of tax revenues, Louisiana's local governments have a much higher reliance on sales taxes and a lower reliance on property taxes than the national average.

6 The total federal contribution to CCAP in fiscal year 2022 was $182 million, which includes funding for administration and other program support beyond direct services. That figure is higher than in previous years, due to the inclusion of relief funding in addition to the standard CCDF grant allocation.

7 Hospitals are the largest source (47%) of local fees and charges in Louisiana.

**Figures 1 & 2.** Sources of general revenues and tax revenues for local governments in Louisiana, 2019



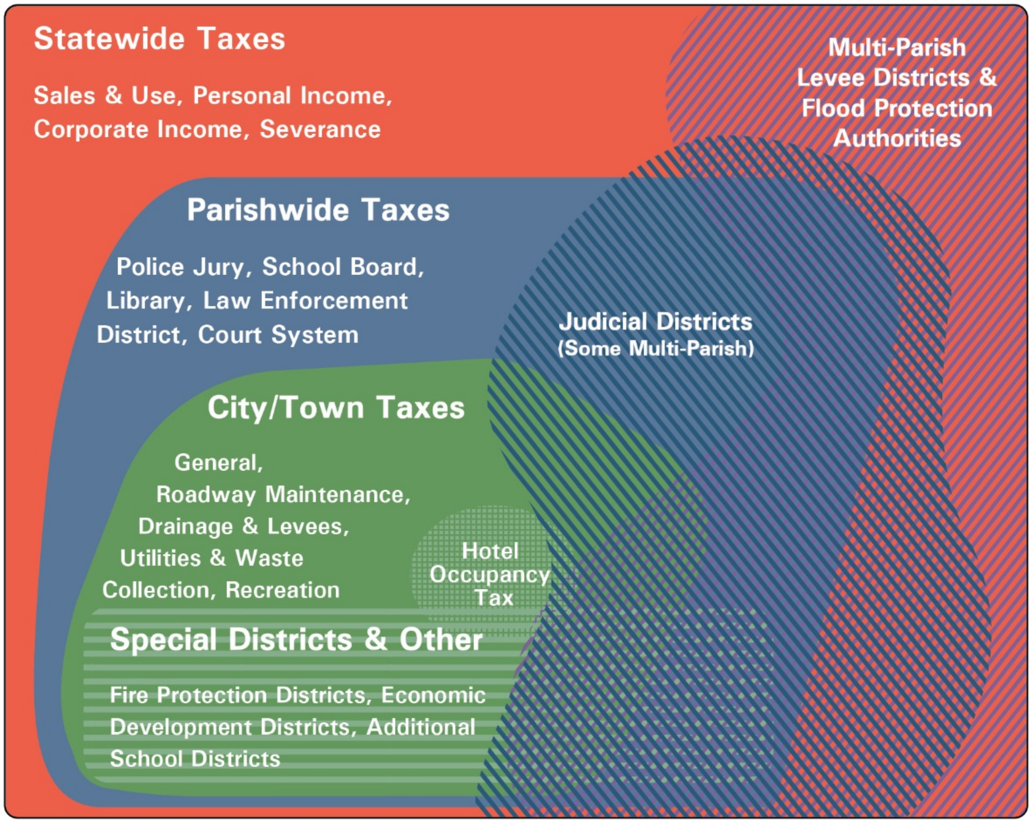

Source: U.S. Census Bureau, Survey of State and Local Government Finances, 2019.

When seeking to understand if local governments have the capacity to generate additional revenue for child care programs, it is important to define the limitations and authority granted to local entities. The ability of a local government to levy a sales or property tax is determined by the state laws that govern local taxing entities, the existing tax base, and exemptions, and in almost all cases, the will of voters within to approve of a new tax in their jurisdiction. It is also necessary to examine how the burden, or economic impact, of a new tax is distributed among taxpayers. A tax that helps to fund child care for low-income households is less helpful to those households if it also imposes a greater tax burden on them. The sections below examine the legal framework for how new local taxes are established, how local sales and property taxes differ between entities, the tax burden effects they may impose on residents, special tax districts and other unique structures for leveraging tax revenue, and real-world examples for how each option might be used to fund child care initiatives locally.

## The Creation and Funding of Local Tax Districts

The State of Louisiana empowers its subsidiary government entities to raise funds through taxing the property, residents, businesses, and commerce found within their borders. The general taxing power or authority for parish, municipal, and other local public purposes is granted to political subdivisions in Article VI, Section 30 of the Constitution of Louisiana. Furthermore, Section 19 of the same Constitutional Article gives the Louisiana Legislature power to "create or authorize the creation of special districts, boards, agencies, commissions, and authorities of every type" and to define their powers, including the power of taxation and the power to incur debt and issue bonds. A wide variety of these entities have been established for purposes ranging from operating arenas and airports to managing flood control and economic development.

**Figure 3.** Layers of tax levying entities in Louisiana




*Note: This stylized graphic does not include all tax types. See the appendix for a real-world example showing sales and property tax jurisdictions in Ascension Parish.*

Each citizen and business of Louisiana falls into several layers of taxing entities (see **Figure 3**). There are some multi-parish government bodies—such as the Fifteenth Judicial District Court, which encompasses the Parishes of Lafayette, Acadia, and Vermilion—however, the majority of sub-state level expenditures are managed by parish governments, of which there are 60. Four remaining parishes have substantially consolidated parish government with that of its major city, specifically East Baton Rouge (with the City of Baton Rouge), Lafayette (City of Lafayette), Orleans (City of New Orleans), and Terrebonne (City of Houma). When cities, towns, villages, school boards, and special tax districts are added in, there are more than 470 active local taxing entities in Louisiana. The figure below demonstrates how a typical taxpayer could reside within multiple overlapping tax jurisdictions.

## Considering Who Pays: Tax Burden, Tax Incidence, and Progressivity

When local government entities look to create a new tax to fund child care, they may want to understand how the tax will affect diverse groups within their community. Tax burden is the measure of the true amount of taxes paid across all entities. It is important to remember that the entity who pays the tax does not necessarily bear the full economic burden. For instance, if a city creates a special property tax district in a commercial area, the property owners would face higher annual costs which they could opt to pass down to their tenants in the form of increased rents. Those tenants—business owners in the commercial district—might decide to increase the costs of their goods and services and thus pass a portion or all of the tax burden down to their customers. In this case, the tax on commercial property would ultimately be borne by the shoppers who visit the district, rather than the property or business owners.[8] How a particular tax burden is divided between who is taxed and other stakeholders (e.g., customers or producers) is referred to as tax incidence.

Tax burden also varies considerably depending on the type of tax and the income level of those who pay it. A tax that consumes a larger portion of the incomes of low-income taxpayers than of high-income taxpayers is regressive, while a progressive tax is more costly to high-income earners than those lower on the income scale. The sales tax has long been considered to be a more regressive form of taxation than property tax (Suits). Despite being assessed equally over all purchases without regard to the nature of the purchaser, sales taxes tend to have a greater impact on those in lower socioeconomic demographic strata who spend a larger proportion of their income on consumption goods. The consensus on whether property taxes are progressive or regressive is not as strong as on sales taxes, though they are generally considered to be more progressive than sales taxes (Oates & Fischel; Rosengard; Netzer). **Figure 4** below demonstrates the relationship between various tax types and income levels in the United States. Sales tax burden gradually shrinks as income rises while property tax burden is generally flat for most income brackets, though it is still greater for the lowest 20%.

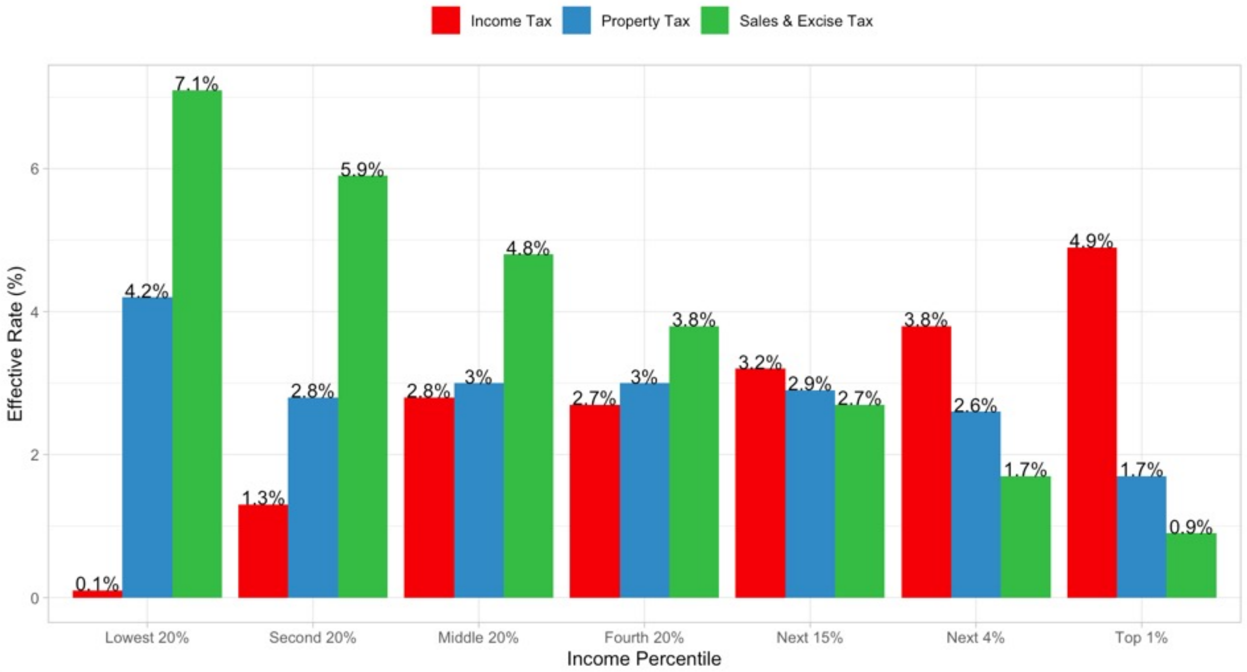
### Sales Tax Burden in Louisiana

The regressivity of a sales tax can be reduced through exemptions on purchases of common and essential goods like food, drugs, gasoline, and utility services. Sales tax exemptions can lessen the burden for low-income taxpayers, but they also limit the tax base, requiring a higher tax rate on sales of other items to meet a specified revenue generation goal. While grocery exemptions

8 This is a simplified example. The degree to which tax burden is shifted away from the entity upon whom the tax is imposed depends on a number of factors, chiefly, the level of competition among suppliers of the good or service being taxed and the elasticity of demand and supply.

are conventionally considered to reduce the regressivity of a sales tax, there are some arguments that they may lead to more regressive outcomes if low-income families spend more on non-exempt goods than on groceries.[9] The state of Louisiana has taken steps to make its sales tax more progressive. The statewide sales tax is set to drop 0.45 percentage points in 2025 to 4% and sales of groceries and prescription drugs are prohibited from being taxed at the state level. However, food and drug sales are not exempted automatically at the parish and local level (LA R.S. 47:305(D)(4)). For instance, Jefferson Parish applies a parishwide 3.5% tax rate specifically on food and prescription drugs. Other parishes may include food and drugs in their general sales tax rates.

**Figure 4.** Average Effective Tax Rates for All U.S. States by Tax Type and Income




*Source: Recreated from the Institute on Taxation and Economic Policy's 2018 "Who Pays?" report.*

Louisiana has one of the highest combined state and local sales tax rates in the nation and is one of only three states where sales taxes make up more than 50% of tax revenue for local governments. Even with state tax exemptions on essential goods, sales tax in Louisiana is still considerably regressive. Because of this, local policy makers who want to fund child care expansion via sales tax may want to consider how the tax could impact low-income families. A sales tax might lessen the burden when it comes to paying for care, but it could hurt their pocketbooks elsewhere and reduce the overall benefit of the policy.

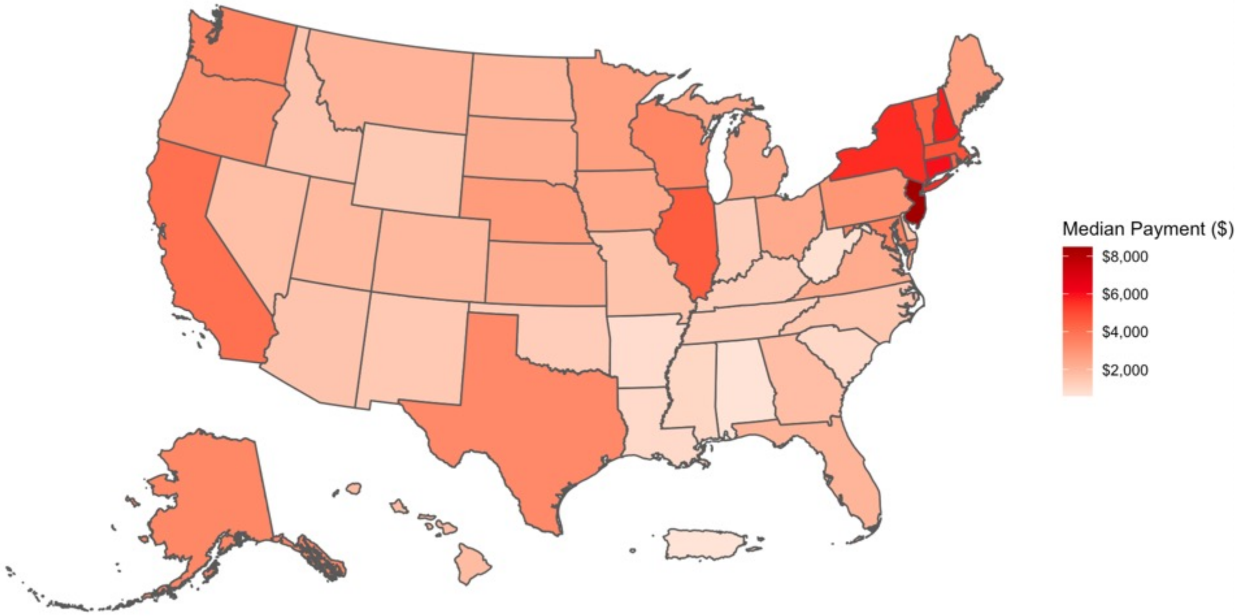
## Property Tax Burden in Louisiana

While Louisiana has a relatively high reliance on local sales taxes, the state has a much lower property tax burden when compared to other states. According to the Institute on Taxation and

9 The Tax Foundation recently addressed this question in, "The Surprising Regressivity of Grocery Tax Exemptions" https://taxfoundation.org/sales-tax-grocery-tax-exemptions/.

Economic Policy, Louisiana families at the bottom 20% of income distributions pay an average effective property tax rate of 2.6% while the remaining 80% of families pay an average effective rate of 1.6%. The effective property tax rate for Louisiana's bottom 20% is much lower than the U.S. average of 4.2%, but the same cohort also pays an average effective sales tax rate of 9.2% while the nationwide average is 7.1%. Louisiana consistently ranks lower than other states in terms of property tax burden. As shown in **Figure 5** below, the median property tax payment of $926 in Louisiana is much lower than other states like neighboring Texas, where property owners have a median annual payment of $3,281.

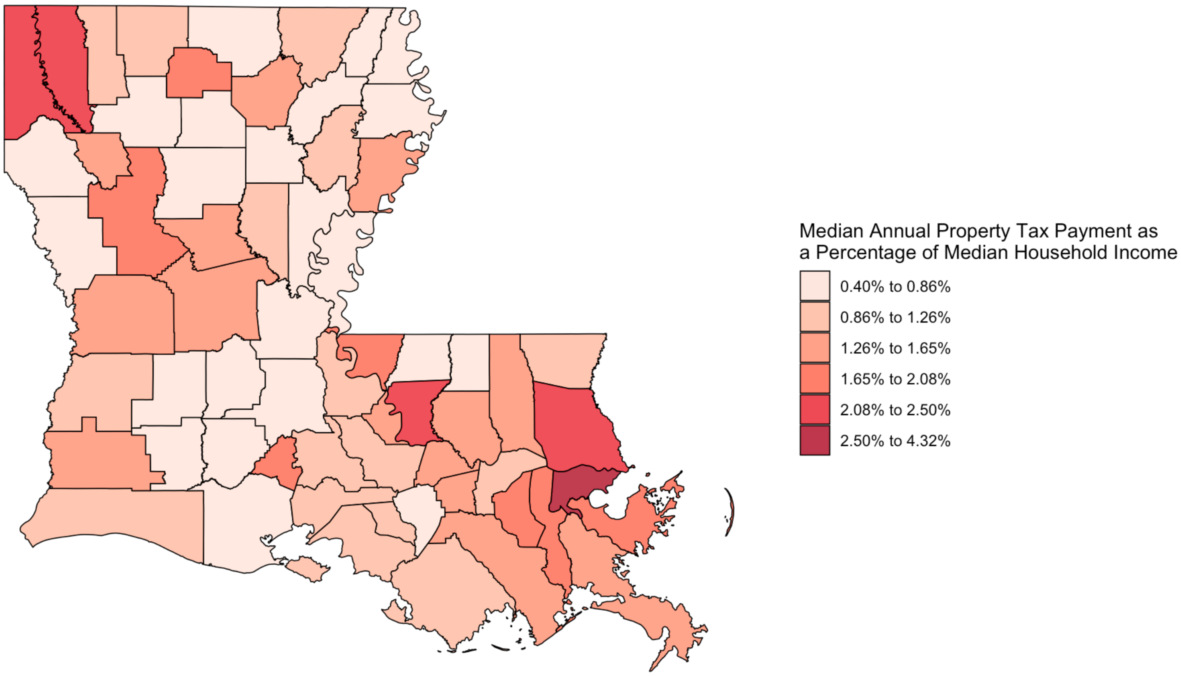
**Figure 5.** Median property tax payment in U.S. states, 2020




*Source: U.S. Census Bureau, American Community Survey, 2020*

Property tax burdens also vary considerably by geographic area. **Figure 6** shows the median property tax payment as a percentage of median household income by parish in Louisiana. The median property tax burden in urban parishes with high property values like Orleans, St. Tammany, and East Baton Rouge is more than double those of the majority of parishes in Louisiana. It is important to note, however, that businesses pay over 75% of all property taxes in Louisiana (Richardson, Sheffrin and Alm). So, while it is worthwhile to consider the effects of a property tax on households, much of the incidence is ultimately borne by commercial property owners.

**Figure 6.** Property tax burden in Louisiana, 2020




*Source: U.S. Census Bureau, American Community Survey, 2020*

### Tax Burden Review

Local policy makers who are considering a new tax to address issues like child care for low-income constituents would do well to consider who will bear the burden of the tax. It should be noted that the generally regressive nature of sales tax is counterproductive to the goals of expanded early care and education. A basic sales tax with no exemptions for essential goods may simply shift a portion of the cost of child care for low-income families to the cost of goods, reducing the net benefit for families who are the target beneficiaries of the policy. Sales tax rates are generally quite high in Louisiana where they are heavily relied on by local governments. A property tax may be a viable alternative in jurisdictions where there is less appetite for additional sales taxes.

## Sales Tax Overview

Sales taxes are the largest source of tax revenue for local governments in Louisiana, comprising 23% of local general revenues and 51% of local tax revenues (U.S. Census Bureau). Louisiana is fairly unique in this aspect, as the majority source of local tax revenues across U.S. states is typically the property tax. Alabama and Arkansas are the only other states where the sales tax is the largest source of tax revenues for local governments. As a result of their prevalence, sales tax revenues often fund a wide variety of general and dedicated local government functions, including school boards, roadway improvements, law enforcement, and other essential services. Sales taxes are also a major contributor to the general funds of parishes and municipalities.

Local governments rely on sales tax collections at varying levels throughout the state. Local sales tax rates in Louisiana range from a minimum of 0% (local sales taxes are not levied in Cameron

Parish, the second lowest local rate is 3%) to a current maximum of 8.5%. The highest sales tax rate in Louisiana is within the Sterlington Economic Development District in Ouachita Parish, which has a local rate of 8.5% and a combined rate of 12.95%, when coupled with the state's sales tax rate of 4.45%.

Another variation in the application of sales taxes between local entities can be seen in the number of taxing jurisdictions. Less populous parishes may only have a few parishwide tax districts that typically fund the police jury, school board, roads, and drainage. Cities and towns often add an additional tax rate within their jurisdiction to fund local government activities. In cities that straddle multiple parish lines, sales tax revenues are sometimes shared between parishes. Additionally, special districts are often created outside of the municipality/parish distinction to fund police and fire protection, additional school boards, economic development districts, hospital districts, hotel occupancy taxes, levee districts, and even waste disposal. In total, there are 416 sales tax districts in Louisiana. St. Landry parish has 20 sales tax jurisdictions, the most in the state. Six of the St. Landry jurisdictions are Economic Development Districts (EDDs). Lafayette Parish has the highest number of EDDs with 12 EDDs out of its 19 sales tax jurisdictions.

Almost all of the local sales tax districts in Louisiana levy sales tax on general sales, rather than on specific items, though municipalities do have the ability to add exemptions and exclusions for items like groceries, pharmaceuticals and medical equipment, and farm equipment. There are also few taxes that are levied solely against sales from a specific type of business. Exceptions to this would be hotel occupancy taxes, which charge a specific rate for hotel bookings, and narrowly targeted development districts, which may apply to one or a few businesses in a geographic area. However, local governments are authorized to tax specific items such as beer and cigarette papers (R.S. 26:492 and R.S. 47:338.261).

## Authority to Set Rates

Louisiana's state and local sales tax system is highly complex and is filled with exceptions, exemptions, and special permissions for specific entities. As indicated in **Figure 3**, the combined sales tax rate at a given point-of-sale may be different from another point in the same parish or even within the same municipality. Louisiana's State Constitution and Revised Statutes apply different limits on sales tax rates depending on whether the jurisdiction is a parish, municipality, or special district.[10] Furthermore, many political subdivisions have been granted additional legislative authority to levy sales tax rates in excess of the generally granted authority.

The state constitution grants sales tax authority to all parishes, municipalities (local governmental subdivisions), and school boards. Imposition of these sales taxes by and for local government subdivisions and school boards is subject to local voter approval and capped at three percent in the aggregate (LA Const. Art. VI, §29(A)).[11] However, with the establishment of the Uniform Local Sales Tax Code (UTC) in 2003, the legislature has authorized local governments to levy additional sales taxes above the aggregate limit with the approval of voters (R.S. 47:337.3).

10 LA Const. Art. VI, §44 provides definitions for various local entities. A "municipality is defined as an incorporated town, city, or village. A "local governmental subdivision" means any parish or municipality. And the term, "political subdivision," includes parishes, municipalities, school boards, special districts, and any other unit of local government authorized to perform governmental functions.

11 R.S. 47:338.1(A) grants authority to municipalities in all parishes to levy a 1.5% gross sales tax and to levy an additional 1% tax in municipalities outside of Catahoula, LaSalle, Caldwell, Franklin, and Tensas parishes. R.S. 338.52 authorizes parishes to levy an additional 1% tax in areas outside of incorporated municipal limits, with sales of pharmaceuticals and food for home consumption exempted.

The UTC generally limits the level of local taxes on gross sales to 2% for parishwide taxes (R.S. 47:337.5.1)—though an additional 1% is authorized in the non-municipal (unincorporated) areas of a parish—and sets a rate limit at 2.5% for municipalities in most parishes (R.S. 47:338.1(A)). Yet, there are numerous exceptions to the maximum rates for many individual municipalities and parishes. The UTC contains over 150 statutes granting authority to various municipalities, parishes, and school boards to levy sales taxes at rates that exceed the general limits set forth in R.S. 47:337.5.1 and R.S. 47:338.1.[12]

**Table 1.** Sales Tax Rates by Parish, 2022

| Parish | Minimum Local Rate | Maximum Local Rate | Parish | Minimum Local Rate | Maximum Local Rate | Parish | Minimum Local Rate | Maximum Local Rate |
|---|---|---|---|---|---|---|---|---|
| Acadia | 4.25% | 5.50% | Iberia | 3.25% | 5.75% | St. Charles | 5.00% | 5.00% |
| Allen | 4.70% | 6.00% | Iberville | 5.00% | 7.67% | St. Helena | 5.00% | 6.00% |
| Ascension | 4.50% | 6.00% | Jackson | 4.00% | 5.00% | St. James | 3.50% | 4.50% |
| Assumption | 5.00% | 5.50% | Jefferson | 3.50% | 4.75% | St. John | 5.25% | 5.25% |
| Avoyelles | 3.25% | 5.25% | Jefferson Davis | 5.00% | 5.50% | St. Landry | 3.50% | 7.55% |
| Beauregard | 4.75% | 5.00% | Lafayette | 4.00% | 6.25% | St. Martin | 3.50% | 6.00% |
| Bienville | 3.00% | 5.50% | Lafourche | 4.65% | 5.40% | St. Mary | 4.45% | 4.75% |
| Bossier | 4.25% | 5.25% | LaSalle | 4.00% | 5.50% | St. Tammany | 4.25% | 5.25% |
| Caddo | 3.35% | 6.35% | Lincoln | 3.75% | 7.75% | Tangipahoa | 3.50% | 6.00% |
| Calcasieu | 4.25% | 7.75% | Livingston | 4.00% | 6.50% | Tensas | 5.25% | 6.25% |
| Caldwell | 5.00% | 5.00% | Madison | 3.50% | 6.00% | Terrebonne | 5.50% | 5.50% |
| Cameron | 0.00% | 0.00% | Morehouse | 3.50% | 6.00% | Union | 5.00% | 7.00% |
| Catahoula | 6.00% | 7.00% | Natchitoches | 4.00% | 6.50% | Vermilion | 3.75% | 6.00% |
| Claiborne | 3.63% | 6.00% | Orleans | 4.50% | 5.00% | Vernon | 4.00% | 5.50% |
| Concordia | 4.75% | 6.75% | Ouachita | 4.99% | 8.50% | Washington | 3.83% | 5.50% |
| DeSoto | 4.00% | 5.50% | Plaquemines | 3.50% | 4.50% | Webster | 3.00% | 7.50% |
| East Baton Rouge | 5.50% | 6.50% | Pointe Coupee | 4.00% | 5.00% | West Baton Rouge | 5.00% | 5.50% |
| East Carroll | 5.00% | 7.00% | Rapides | 3.50% | 5.50% | West Carroll | 5.00% | 6.00% |
| East Feliciana | 5.00% | 5.00% | Red River | 4.50% | 5.50% | West Feliciana | 5.00% | 5.50% |
| Evangeline | 6.00% | 6.00% | Richland | 4.00% | 6.00% | Winn | 4.00% | 5.50% |
| Franklin | 4.00% | 6.00% | Sabine | 4.63% | 6.63% | | | |
| Grant | 4.00% | 6.00% | St. Bernard | 5.00% | 5.00% | **AVERAGE** | **4.25%** | **5.80%** |

*Source: Louisiana Association of Tax Administrators. See the appendix for a table with sales bases and the statewide rate included.*

The substantial number of municipalities and parishes with individually granted authority to levy additional rates means there is effectively no single limit on the rate of local sales taxes that can be applied equally across all local government entities in the state. Instead, the rates quoted above can be viewed as a baseline, from which local governments must be granted legislative authority to exceed. It can be assumed from the rates listed in **Table 1** that almost every parish in Louisiana—with the exception of Cameron, Bienville, and Webster parishes—levies a sales tax rate higher than the limits set forth by the UTC, though this does not necessarily mean that every local government or political subdivision has maximized their allowable rate.[13] For parishes or municipalities who

12 For more detail, see R.S. 47:338.2–§338.24.6, §338.54–§338.64.1, and §338.83–§338.198.

13 As an example, R.S. 47:338.7 grants the city of Monroe authority to levy an additional rate of 2% for general purposes and R.S. 47:338.23 enables an additional 1.5% to fund the fire and police departments of Monroe. Yet, the Louisiana Association of Tax Administrators web page for Ouachita Parish lists a rate of only 0.49% for the Monroe Fire/Police sales tax, and 2.5% for the Monroe citywide sales tax.

are collecting the maximum allowable sales tax rate, a provision to increase the local sales tax limits will require approval of both the legislature, which must craft and approve a statute to grant additional taxing authority, as well as voters in the district who must give final approval.

## Limits on the Sales Tax Base

Other than the limits on sales tax rates mentioned above, the state sales tax base in Louisiana is limited by a wide variety of exemptions and exclusions.[14] However, most of the hundreds of exemptions to the statewide sales tax do not apply to parishes and local governments. As mandated in the State Constitution, political subdivisions cannot levy a tax on the sale of gasoline or special fuels for vehicles, but they may levy taxes on the sale of groceries and prescription drugs, which are prohibited at the state level (LA Const. Art. VII, §4(C), LA Const. Art. VII, §2.2).

The Uniform Local Sales Tax Code lists several statewide tax exemptions, some of which apply at the local level and many of which are optional (R.S. 47:337.6 – §337.11.3). Many local tax authorities choose to apply these optional exemptions, sometimes in full or sometimes as a partial reduction of the gross sales tax rate. For instance, some parishes and local governments opt to exempt or reduce rates on the sales of groceries and prescription drugs, but there is little consistency. Some parishes exempt these sales entirely, others apply reduced rates that are either parishwide or depend on jurisdiction, a few do not apply a reduction or exemption at all (Richardson, Sheffrin and Alm). This variation in policy occurs throughout all 64 parishes and across hundreds of categories of sales, making it difficult to conduct an accurate analysis of the local sales base in Louisiana.[15]

In addition to the limitations on the sales tax base created by exemptions and exclusions, sales tax collections are also limited by the fluctuation of economic cycles. During an economic downturn, funding for government services will decline with sales, potentially as the demand for those services increases due to higher unemployment. A reliance on sales taxes in rural areas where commerce is low may also limit the pool of funding that could be used for services.

## Considerations for Funding Child Care via Sales Tax

**Taxing Capacity:** If a sales tax jurisdiction has already met its statutory rate limit, it must be granted authority by the state legislature to increase rates. Jurisdictions that have not met their statutory limit may still be required to get voter approval to increase collections. Given high existing sales tax rates, there may be limited voter support for further increasing tax rates. Large exemptions and exclusions from sales taxes would offer another approach to raising sales tax revenue; if some exemptions or exclusions were removed, additional revenues would be collected without needing to change the rates.

**Burden & Progressivity:** Sales taxes have been shown to have a disproportionate effect on low-income residents. This issue can be addressed somewhat by excluding sales of groceries, pharmaceuticals, and other essential goods, but exclusions and exemptions also serve to reduce the tax base, requiring a higher rate to meet revenue goals.

---

14 The Louisiana Department of Revenue publishes an annual Tax Exemption Budget which outlines every state-level tax exemption or exclusion. The report is in two volumes, is over 500 pages long, and provides details on over $6.5 billion in statewide exemptions, over $2 billion of which come from sales tax exemptions.

15 A good example of the complicated relationship between state and local exemptions can be seen in Jefferson Parish's annual Sales Tax Exemptions and Exclusions Report. The 2020 report lists around 230 distinct categories of sales of which over 160 are exempted or receive a reduced rate (https://jpso.com/DocumentCenter/View/232).

**Reliability:** Sales taxes provide a consistent revenue stream that is fairly predictable from the known tax base (historical expenditures in the taxing district). But local governments may see reduced collections in times of poor economic health, which is when demand for social services like child care support is likely to be highest.

### Sales Tax and Child Care Use Cases

Local funding for child care programs is more commonly sourced via property tax initiatives but there are a few examples of U.S. cities and counties utilizing sales tax to fund early childhood care and education initiative. An early example can be seen in Pitkin County, CO—home to the City of Aspen—where a 0.45% sales tax increase was passed in 1990 with revenue dedicated to affordable housing and early care and education. A portion of the tax increase is used to fund professional development for child care providers, improvement to child care centers, and subsidies for low-income families (BUILD Initiative).

The city of Denver passed a 0.15% sales tax increase in 2006 to provide preschool tuition credits for low-income families. The tax increase was renewed in 2014 and data from the program has indicated stronger academic performance and attendance in program participants (Le).

San Antonio, TX passed a one-eighteenth cent sales tax increase in 2012, using the proceeds to establish four new early childhood education centers that provide full-day pre-K care for 2,000 low- and middle-income children per year.

## Property Tax Overview

The ad valorem tax, or property tax, is the foundation of local government revenue and has been used for centuries to fund most basic local government functions. In Louisiana, property taxes are the second largest source of tax revenue for local governments, making up 46% of local tax revenues and 20.5% of local general revenues across the state (U.S. Census Bureau). This characteristic is uncommon in the United States, where property taxes are the dominant form of local tax revenues in most states.[16]

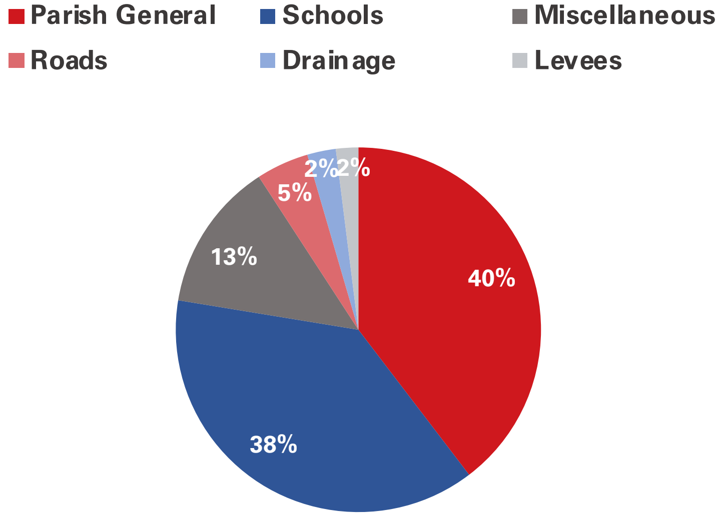
There are hundreds of local millages, or property taxes, in the state of Louisiana, but the majority of them are used to fund a similar set of basic government functions across locations. On average, 40% percent of Louisiana parish property tax millages are dedicated to funding parish and local general funds. Another 38% is dedicated to school funding (see Figure 7). The rest are split between law enforcement, public health, libraries, roads, fire protection, and various other special purposes.

There are three basic factors that determine the amount of revenue that can be generated from a property tax: 1) the assessment rate, 2) the property value, and 3) the millage rate. Assessment rates are determined by a formula set forth in the State Constitution and are based on the type of property. The assessed value of a property is based on its fair market value, which is determined by parish assessors. The fair market value is multiplied by the property's assessment rate to determine its assessed value, or taxable value. A millage is then applied to the assessed value to determine the tax amount. A mill is equal to one-tenth of a percent, so a millage rate of 25 mills is equivalent to 2.5% of the assessed value of a property. Finally, if the property is an owner-occupied residence, then Louisiana's homestead exemption will remove $7,500 of the assessed value of the home

16 In total, property taxes make up 72% of local government tax revenues in the U.S. while sales taxes make up only 18%. **Figure A2** in the appendix shows a comparison of local government tax revenues in Louisiana, the U.S. average, and the revenues of other states.

before the millage is applied. To give an example: a home that has been determined to have a $200,000 fair market value would have an assessed value of $20,000, or $12,500 if it is a homestead. A parish property tax of 120 mills would require the owners to pay $1,500 per year.

**Figure 7.** Average Distribution of Parish Property Tax Revenues by Purpose, 2020




*Source: Louisiana Tax Commission*

The effective parishwide millage rate varies between parishes to a large degree (see **Table 3**), and the amount a property owner must pay in a given parish is dependent on location and the number of taxing districts a property occupies. It can be difficult to determine the impact of a change in millage rates on an individual taxpayer since property values can vary greatly within a taxing district.

## Authority to Set Rates

The assessment rate for any property tax is set at the statewide level in the Louisiana Constitution. LA Const. Art. VII, §18 outlines the assessment rate for land and various property classifications (see **Table 2**). Land and residential properties have an assessment rate of 10% of fair market value, while commercial property and equipment is assessed at 15%. These property type assessment rates are used with the fair market value established by parish assessors to determine the assessed value of a property. The LA Constitution requires a mandatory reappraisal of all properties subject to taxation every four years (LA Const. Art. VII, §8).

**Table 2.** Property Tax Assessment Rates

| Classifications | Assessment Rate |
|---|---|
| 1. Land | 10% |
| 2. Improvements for residential purposes | 10% |
| 3. Electric cooperative properties, excluding land | 15% |
| 4. Public service properties; excluding land | 25% |
| 5. Other property | 15% |

*Source: LA Const. Art. VII, §18.*

Louisiana's Constitution grants local governments the authority to levy a general ad valorem tax up to 4 mills at the parish level and 7 mills at the municipal level (LA Const. Art. VI, §26, §27). [17] A parish or municipality may also levy additional millages for special purposes, as long as the purpose and duration of the millage are outlined in a proposition that is approved by voters in the millage jurisdiction. The Constitution contains no limit on the millage rate for special purpose taxes.

Millage rates can be adjusted up or down on an annual basis (without voter approval), depending on changes in market valuations (LA Const. Art. VII §23(B-D)). Increases in adjustment to the millage rate after reassessment is a process called "rolling forward" and the rates cannot be adjusted beyond the prior year's maximum. Rolling forward can only occur if the value of taxable property has increased at reassessment.

Not all property tax jurisdictions levy millages at their maximum allowable rate. The Louisiana Legislative Auditor maintains a web page where users can view millages by parish, their maximum millage rate, and the rate at which the millage is currently being levied.[18]

## Current Millage Rates

The Louisiana Tax Commission (LTC) issues an annual report that lists total property tax collections for each parish, broken into six categories (parish taxes, road taxes, school taxes, levee taxes, drainage taxes, and miscellaneous). The LTC annual report also provides total assessed property value for each parish and millage rates for every local ad valorem tax. **Table 4** shows the property tax base (total assessed value) and revenues for each parish, while **Table 3** shows the average millage rates for each parish, though the actual rate for an individual property within a parish will vary depending on its location and the number of taxing districts it occupies. The parish-wide millage data in this table is provided in the LTC annual report and likely does not adjust for homestead exemption. The average effective millage rate calculates the average parish-wide millage based on homestead exempt total revenue.

17 LA Const. Art. VI, §26 grants exceptions for Orleans and Jackson Parishes. The Orleans Parish limit is seven mills. Jackson Parish is five mills. LA Const. Art. VI, §27 exempts the city of New Orleans from the municipal millage limit.

18 Visit [https://lla.la.gov/resources/assessors-and-millages/maximum-millage-reports](https://lla.la.gov/resources/assessors-and-millages/maximum-millage-reports) for more info.

## Limits on the Property Tax Base

Exclusions and exemptions on local property taxes in Louisiana are less extensive when compared to those for sales taxes, but still have a large effect on the tax base. To start, many types of property are non-taxable, including cash and financial assets, agricultural products and equipment, commercial fishing vessels, artwork, and others. Certain real estate types are also excluded from taxation, like public, nonprofit, or church-owned buildings.

The two major exemptions to property tax collections are the homestead exemption and the Industrial Tax Exemption Program. The homestead exemption deducts $7,500 of the assessed value of owner-occupied homes, effectively serving to eliminate the first $75,000 of a home's market value. This can drastically reduce property tax collections in residential areas with low home values. However, homestead exemption does not apply at the municipal level, except in Orleans Parish, so the exemption has no impact on property tax collections for municipalities (LA Const. Art. VII, §20). The Industrial Tax Exemption Program is a statewide economic development program that enables local government entities to grant an 80% property tax abatement to manufacturing and other industrial facilities which applies to local millages for a period of 5-10 years.

**Table 3.** Average Parishwide Millage Rates, 2020

| Parish | Parishwide Millage | Effective Avg. Millage* |
|---|---|---|
| Acadia | 74.80 | 61.50 |
| Allen | 149.10 | 120.70 |
| Ascension | 108.80 | 94.00 |
| Assumption | 104.70 | 88.30 |
| Avoyelles | 75.70 | 53.80 |
| Beauregard | 119.90 | 99.10 |
| Bienville | 115.30 | 109.60 |
| Bossier | 114.80 | 96.30 |
| Caddo | 137.60 | 116.40 |
| Calcasieu | 107.30 | 96.20 |
| Caldwell | 137.30 | 111.30 |
| Cameron | 133.60 | 131.50 |
| Catahoula | 90.40 | 68.90 |
| Claiborne | 84.10 | 72.70 |
| Concordia | 105.00 | 87.70 |
| Desoto | 112.50 | 106.00 |
| East Baton Rouge | 114.10 | 99.60 |
| East Carroll | 129.80 | 116.80 |
| East Feliciana | 49.20 | 41.40 |
| Evangeline | 73.70 | 61.00 |
| Franklin | 107.40 | 83.90 |
| Grant | 156.20 | 99.40 |
| Iberia | 74.70 | 63.50 |
| Iberville | 103.80 | 97.20 |
| Jackson | 105.50 | 95.00 |
| Jefferson | 109.90 | 92.30 |
| Jefferson Davis | 104.10 | 85.70 |
| Lafayette | 87.20 | 73.50 |
| Lafourche | 119.70 | 101.00 |
| Lasalle | 154.20 | 122.80 |
| Lincoln | 80.80 | 72.10 |
| Livingston | 106.70 | 76.10 |

| Parish | Parishwide Millage | Effective Avg. Millage* |
|---|---|---|
| Madison | 109.90 | 99.70 |
| Morehouse | 93.90 | 76.40 |
| Natchitoches | 91.80 | 80.40 |
| Orleans | 143.90 | 129.40 |
| Ouachita | 96.00 | 81.50 |
| Plaquemines | 70.10 | 67.90 |
| Pointe Coupee | 63.00 | 58.40 |
| Rapides | 112.20 | 92.30 |
| Red River | 108.30 | 103.30 |
| Richland | 81.90 | 71.80 |
| Sabine | 87.50 | 74.60 |
| St. Bernard | 138.30 | 118.30 |
| St. Charles | 117.80 | 111.20 |
| St. Helena | 150.00 | 109.70 |
| St. James | 107.70 | 101.40 |
| St. John | 112.30 | 101.20 |
| St. Landry | 56.60 | 47.40 |
| St. Martin | 102.40 | 83.90 |
| St. Mary | 101.20 | 89.40 |
| St. Tammany | 140.20 | 114.40 |
| Tangipahoa | 89.30 | 66.30 |
| Tensas | 125.50 | 115.10 |
| Terrebonne | 88.50 | 75.40 |
| Union | 80.90 | 66.00 |
| Vermilion | 92.90 | 71.70 |
| Vernon | 122.90 | 89.40 |
| Washington | 109.80 | 85.20 |
| Webster | 108.10 | 88.80 |
| West Baton Rouge | 108.20 | 98.60 |
| West Carroll | 72.20 | 56.90 |
| West Feliciana | 83.80 | 80.20 |
| Winn | 89.80 | 73.10 |

*Source: Louisiana Tax Commission.*

** Effective average millage = total collected ÷ (total value ÷ 1000). Parishwide millage based on LTC calculations (methodology unknown, may not include homestead exemption).*

**Table 4.** Property Tax Base and Total Revenue (in Millions) by Parish, 2020

| Parish | Total Revenue (exempt homestead) | Total Assessed Property Value |
|---|---|---|
| Acadia | $31.5 | $511.2 |
| Allen | $18.4 | $152.3 |
| Ascension | $166.9 | $1,776.5 |
| Assumption | $21.4 | $242.9 |
| Avoyelles | $11.7 | $217.0 |
| Beauregard | $33.9 | $342.0 |
| Bienville | $39.6 | $361.4 |
| Bossier | $117.9 | $1,224.8 |
| Caddo | $253.3 | $2,175.7 |
| Calcasieu | $276.9 | $2,877.6 |
| Caldwell | $8.7 | $78.6 |
| Cameron | $62.4 | $474.3 |
| Catahoula | $4.1 | $59.7 |
| Claiborne | $10.6 | $145.3 |
| Concordia | $14.8 | $168.8 |
| Desoto | $80.3 | $757.8 |
| East Baton Rouge | $547.8 | $5,502.0 |
| East Carroll | $6.4 | $54.8 |
| East Feliciana | $9.7 | $233.8 |
| Evangeline | $18.6 | $305.1 |
| Franklin | $11.7 | $139.2 |
| Grant | $9.5 | $95.4 |
| Iberia | $47.3 | $745.7 |
| Iberville | $76.5 | $786.9 |
| Jackson | $21.4 | $225.0 |
| Jefferson | $434.9 | $4,710.0 |
| Jefferson Davis | $26.3 | $306.4 |
| Lafayette | $192.0 | $2,610.4 |
| Lafourche | $117.7 | $1,165.3 |
| Lasalle | $13.8 | $112.3 |
| Lincoln | $38.8 | $538.8 |
| Livingston | $66.0 | $867.9 |
| Madison | $11.7 | $117.3 |
| Morehouse | $14.8 | $194.0 |
| Natchitoches | $35.2 | $438.5 |
| Orleans | $614.6 | $4,749.1 |
| Ouachita | $113.1 | $1,388.4 |
| Plaquemines | $67.7 | $997.1 |
| Pointe Coupee | $33.7 | $577.3 |
| Rapides | $98.6 | $1,068.6 |
| Red River | $25.9 | $250.6 |
| Richland | $17.9 | $248.5 |
| Sabine | $20.1 | $270.0 |
| St. Bernard | $56.8 | $479.9 |
| St. Charles | $200.3 | $1,802.3 |
| St. Helena | $7.5 | $68.2 |
| St. James | $72.8 | $717.5 |
| St. John | $86.8 | $857.4 |
| St. Landry | $39.0 | $823.9 |
| St. Martin | $42.1 | $501.6 |
| St. Mary | $58.0 | $648.6 |
| St. Tammany | $333.9 | $2,917.6 |
| Tangipahoa | $56.3 | $848.7 |
| Tensas | $7.2 | $62.8 |
| Terrebonne | $92.2 | $1,223.0 |
| Union | $13.0 | $197.5 |
| Vermilion | $30.5 | $425.8 |
| Vernon | $18.4 | $206.3 |
| Washington | $23.3 | $273.8 |
| Webster | $28.7 | $323.6 |
| West Baton Rouge | $55.5 | $562.7 |
| West Carroll | $4.9 | $86.3 |
| West Feliciana | $35.0 | $436.3 |
| Winn | $6.8 | $93.4 |

*Source: Louisiana Tax Commission.*

## Considerations for Funding Child Care via Property Tax

**Taxing Capacity:** The size of the property tax base in a tax jurisdiction will depend on the mix of property types and their values. Urban jurisdictions with more commercial property and higher values have a much larger tax base than rural areas.

**Burden & Progressivity:** Property taxes are generally considered to be less regressive than sales tax. In Louisiana, most of the tax incidence falls on businesses, though some of the burden of a new tax on commercial property may be passed on to business customers in the form of higher cost for their customers.

**Reliability:** Property tax revenues are more consistent than sales tax. Home values appreciate reliably over time, and the constitution mandates that rates be adjusted to maintain a base level of collections. However, if rates have been adjusted down, they can then be "rolled forward" with majority approval of the taxing authority's legislative body to increase revenue.

Property tax millages of political subdivisions are levied on the assessed value of properties as listed on the local tax rolls. Since virtually all immovable property (real estate) and a large amount of business movable property is perpetually owned and taxed, property taxes provide a stable and indefinite revenue stream.

However, because of long lead times in market appreciation and the quadrennial reassessment cycle, property tax collections tend to adjust at a slower pace than other alternatives such as a bond issuance or a sales tax. Furthermore, the geographic makeup of the parish greatly influences property tax streams because distinct types of property are taxed at different rates. A rural parish, whose farmland is taxed at a much lower rate than single-family residences in more urban parishes, will receive comparatively little property tax revenue regardless of how the needs of an area change. For example, if a rural economic development program is successful in drawing 500 new families to a region, the children of those families will likely have kids of their own before market forces drive up property values in a meaningful way that are then captured by a quadrennial reassessment cycle (LA Const. Art. VII, §18(F)) and subsequently added to the tax base, billed, collected, distributed, and budgeted to be implemented in the community.

### Property Tax and Child Care Use Cases

Voters in New Orleans passed the Early Childhood Education Millage in April of 2022. The 20-year, 5 mill, dedicated property tax is estimated to generate $21 million annually and fund an additional 1,000 seats at child care facilities for low-income children under the age of four. The funding will be split in a cooperative endeavor agreement between the local school board and Agenda for Children, a non-profit that administers the New Orleans Early Education Network.

In 1990, Florida voters passed legislation enabling the creation of special, county-wide Child Service Districts for the purpose of funding children's services, including paying for improvements in the child care system, professional development opportunities, and other early childhood and child and family supports. Each district is managed by a local Children's Services Council (CSC) which can be independent (has own taxing authority) or dependent (relies on funding from county budget). Millage amounts vary across districts.

The Seattle Preschool Program was established in 2014 to provide free access to preschool for low-income students in King County, with a sliding scale for others. The program was expanded in 2018 in addition to providing tuition assistance for Seattle colleges. The original tax was levied at 11 mills. The 2018 expansion—which passed overwhelmingly, with 68.5% of voters in favor—added an additional 36.5 mills.

Cincinnati's Preschool Promise Program is similar to the Seattle program of the same name. The program receives one-third of a 7.93-mill property tax that was established to fund preschool and education. The program is managed by a non-profit of the same name in partnership with the United Way. The CPP board voted to expand services to 3-year-olds in 2017, and Cincinnati voters elected to extend the program again in 2020.

## Other Structures and Methods to Leverage Local Tax Revenue

While it is possible for local entities to levy a standard sales or property tax as described in the sections above, there are also additional ways to structure a tax or to leverage revenue after collection which may be beneficial to governments looking to fund child care initiatives. This section outlines the creation of special tax districts and tax increment financing districts, which enable lawmakers to shape a district along new geographic boundaries and with different restrictions, or to leverage future revenues to finance upfront costs. Many local governments already utilize bonded indebtedness to finance projects based on anticipated tax collections, and public-private partnerships or public trusts offer unique ways to administer tax programs which leverage stakeholders and non-government entities.

## Special Tax Districts

Special tax districts are a common source of local funding in Louisiana. They are distinct entities from municipalities and parish governments, though they are grouped with parishes, municipalities, and school boards under the definition of a "political subdivision" in the Louisiana Constitution (LA Const. Art. VI, §44). Article IV, Section 19 of the Louisiana Constitution grants the legislature power to, "create or authorize the creation of special districts, boards, agencies, commissions, and authorities" which have the power to levy taxes, incur debt and issue bonds. These districts differ from other local government entities like municipalities and parishes in that they are often created to perform a specific function. For instance, many Louisiana parishes have an economic development district for or fire protection districts which provide fire services to rural, unincorporated areas.

Special districts can occupy part or all of a parish, or even stretch across multiple parish lines as is the case for some levee districts and regional flood protection authorities. Most special districts in Louisiana levy property taxes as their source of revenue, but they may also levy sales taxes instead—a widespread practice in economic development districts.

Perhaps the most important characteristic of special tax districts is their ability to levy and increase taxes. Special districts are not bound by the same rate limits as general taxes for parishes and municipalities, whose limits are set out in the State Constitution and Revised Statutes. They are restricted only by the legislation that enables them and by the voters in the taxing jurisdiction who must ultimately approve of the tax. There are, however, some exceptions to the need for voter approval to increase tax rates in a special district. When legislators recognize the need for flexibility and swifter action, some political subdivisions are given the authority to raise tax rates without voter approval, such as levee districts that were in existence before 2006, who can impose up to five mills of additional tax to address flooding issues (LA Const. Art. VI, §39) or school boards who, generally, can do likewise to raise funds for a specific purpose for up to ten years and an aggregate limit of 70 mills over what voters have approved (LA Const. Art. VIII, §13(C) and R.S. 39:812).

Another benefit of special districts is their ability to cover multiple parishes, which allows parishes in the district to consolidate revenue and services. This feature could be especially useful for funding child care in areas of the state that are mostly rural and bring in little revenue on their own. District boundaries can be drawn widely to combine less populous, disadvantaged parishes with more prosperous urban areas and provide a deeper tax base for the region. On the other hand, district boundaries can also be drawn narrowly within a parish to capture certain revenue sources or avoid others. For example, a property tax district could be created that includes primarily or exclusively commercial properties. This would serve to reduce the tax burden on residents by excluding their homes from the increased millage rate.

Special tax districts are a flexible way to create funding for local initiatives and are ideal for specific purposes like funding child care programs. However, they are complicated to enact. Unlike a general local tax, a new special district must be established by the state legislature before being approved by voters in the district. In the case where a special district includes multiple parishes, a new tax or levy increase may require, "approval by a majority of the electors who vote in each parish comprising the district," as is the case with Louisiana's levee districts (LA Const. Art. VI, §39).

## Public-Private Partnerships

Public-private partnerships are contractual agreements between government and private sector entities, whether for-profit or non-profit, to provide a service to the public. The state compensates the private organization for these services according to a fee schedule negotiated between both parties and regulated by the statutes that enable their creation. A mixed fee compensation agreement can provide for a base level of compensation to cover the overhead expenditures needed to run the program with an added award fee determined by the performance of certain tasks, achievement of milestones, or any other performance indicator that is agreed upon in advance.

One of the primary benefits of a mixed fee system that incorporates an award fee is that it allows multiple stakeholders to participate in the evaluation of project progress and ensure buy-in throughout the lifecycle of the effort. This includes non-profit and private organizations that contribute funds toward the project, which encourages follow-up investment once positive results are secured in the early years of the effort.

Public-private partnerships allow governments to leverage the expertise of the private sector and build a commercial base for services that reflect policy goals. However, general public skepticism of proper stewardship of government funds by private organizations is prevalent in Louisiana. This skepticism should be addressed through policies that promote and require transparency.

A public-private partnership for child care would allow local governments to partner with statewide, regional, or local private entities to oversee the implementation of programming. This has already been done in Louisiana, with the New Orleans Early Childhood Education Millage, which provides property tax revenues to a child care program administered by a non-profit organization. Public-private partnerships could also be valuable in rural parts of the state, where a regional, non-profit entity could oversee the implementation of multiple programs and help to reduce administrative costs for small entities.

## Bonded Indebtedness

The sale of bonds has become an integral part of local government finance as portions of the state evolve from rural to urban environments which require more schools, public safety, and flood control facilities. This financing mechanism does not represent a new source of revenue but can be used to bring forward revenues that would be expected in future years. This type of financing is often helpful for capital expenditures such as purchasing or building new facilities. Subsidiary governments must abide by a myriad of regulations because, ultimately, the State of Louisiana and its credit rating is at risk since the state is ultimately responsible in cases of default. (R.S. 39:562 et seq. and Const. Art. VI, §34). In order to reduce default risk exposure, all bonds issued by subsidiary governments must be approved through the State Bond Commission (LA Const. Art. VII, §8).

Despite the current economic landscape of rate increases by the Federal Reserve, the cost of issuing bonds is still historically cheap and will likely remain so in the near future. However, the cost of debt service (repayment of the principal and interest) cuts down on the availability of child care funds. If bonds are used to fund anything other than one-time expenses (such as construction of child care centers), the future bond writing (issuing) environment is unlikely to be as favorable. As a result, this method of funding should be considered for capital projects such as the construction of child care centers and other long-term investments in infrastructure or programming where upfront costs are significant.

## Public Trusts

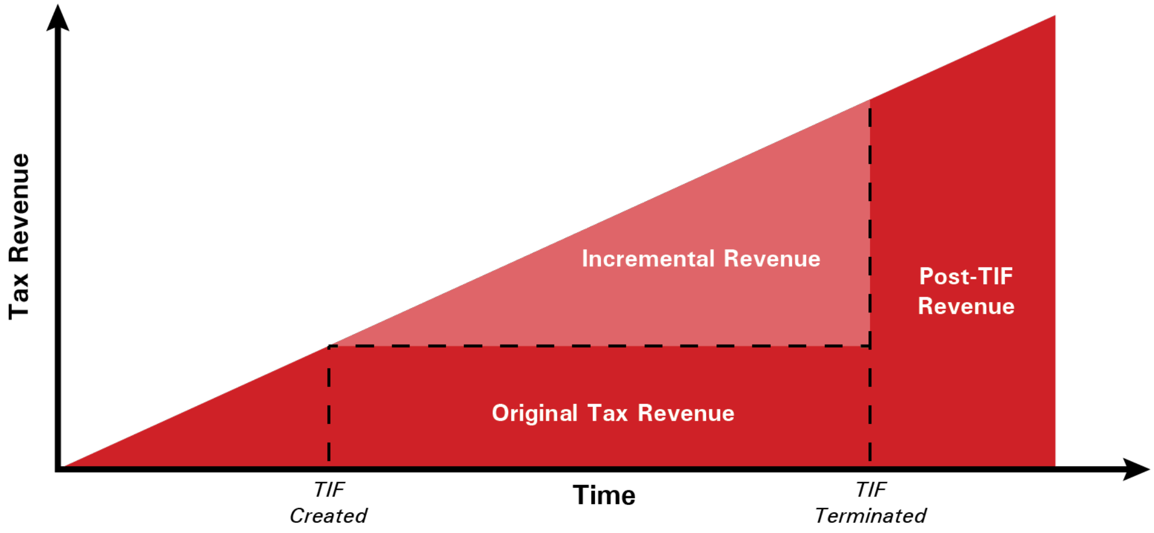
Louisiana law allows for the creation of public trusts to issue bonds and other obligations in order to provide funding for any public purpose such as health, education, and community development. Creation of any such trust is subject to express approval of a majority of the governing authority of the beneficiary governmental unit and the State Bond Commission. (R.S. 9:2341 et seq.)

Most public trusts are designed to include a board of trustees which provides input from all stakeholders through shared governance of the trust. One disadvantage of this increased complexity of governance can be less flexibility to adapt to changing demographics and new initiatives. Trustees may not share the same interpretation of the mission or the best ways to achieve it.

## Tax Increment Financing

Tax increment financing (TIF) is a complicated but increasingly common way of funding infrastructure and other improvements for economic development purposes without increasing tax rates. A TIF is a special tax district—often drawn narrowly and in a targeted area for redevelopment—where additional tax revenues gained as a result of improved sales or property values are diverted from their intended purpose to pay development costs. Once a TIF district is created, the amount of tax revenue remitted to the original local purpose is capped at the previous year's amount, and any subsequent increase in revenues (the incremental revenue) is used to pay the project costs (see **Figure 8**). A TIF is typically a temporary structure, with a set timeline after which the incremental revenues are reverted back to the local government. The TIF structure allows local governments to fund new initiatives by taking advantage of rising property values or sales revenues, rather than raising rates as may be done in a standard special tax district.

**Figure 8.** Conceptual Diagram of a Tax Increment Financing Plan



Chapter 27, Part II of Title 33 of the Louisiana Revised Statutes outlines the process for the creation and administration of TIF districts by local government entities.[19] Local governments may create TIF districts that are funded via sales tax revenues or ad valorem revenues. The creation of these districts must be approved by any voters residing within the district and incremental funds generated must be used to finance "economic development projects."[20] These projects are defined in R.S. 33:9038.33(M) as, "without limitation, public works and infrastructure and projects to assist the following industries"

> (1) Industrial, manufacturing, and other related industries.
> (2) Housing and related industries.
> (3) Hotel, motel, conference facilities, and related industries.
> (4) Commercial, retail, and related industries.
> (5) Amusement, places of entertainment, theme parks, and any other tourism-related industry.
> (6) Transportation-related industries.
> (7) Hospital, medical, health, nursery care, nursing care, clinical, ambulance, laboratory, and related industries.
> (8) Any other industry determined by the local governmental subdivision or issuer of revenue bonds, as appropriate, whose assistance will result in economic development.

While child care facilities are not explicitly mentioned as an economic development project, they could fit within the definition of item (7) above, which includes "nursery care" or potentially within item (8) as an alternate use which results in economic development, considering the economic benefits that can follow from increased access to quality care. In this light, a TIF could be used to finance the construction costs of a child care facility if the bond issuer determines it fits the criteria of economic development. However, this method of financing may not be appropriate for financing child care facilities as a TIF is only successful if the property value or sales revenue within the district rise as a result of the development project. A child care facility alone is not likely to raise the property value of a parcel enough to create a significant incremental gain, though it could be incorporated into a larger TIF development. For instance, a local government could offer TIF financing as an option for a multi-family housing development, under the condition that the developers utilize the bond payments to construct a child care facility within the footprint of the development.

TIFs are a complicated economic development tool and, if used to fund the creation of child care facilities, are probably better suited to urban areas where they can coincide with broader development goals. Because of the temporary nature of TIFs, they are ideal for one-time, upfront costs like the construction of child care facilities. They may be less suitable for funding operations costs or enrollment subsidies, which require long-term solutions.

## Conclusions

Finding affordable child care is a challenge that affects thousands of families in Louisiana. While state and federal funding sources exist to support care access and affordability, there remains a gap in funding to truly address the need. Local governments are more limited than the state in the number of funding sources that could be tapped for building child care program revenue, but local governments have two powerful options in sales and property taxes. There is no one-size-fits-all approach to generating tax revenue for local funding of child care. Rather, local lawmakers

19 See R.S. 33:9038.31 through 33:9038.42

20 An election is not required if no registered voters reside within the district.

should closely examine their existing tax base, capacity, and voter preferences to find the right approach for a particular community. Stakeholders should also consider who will bear the burden of a new tax, given that taxes designed to fund child care for low-income families while also taking a disproportionate amount of income from the same families may fall short of the original goals of supporting low-income families.

The sales tax, while a popular local revenue option in Louisiana, has issues with tax burden and regressivity which could negatively affect low-income families who would be the target beneficiaries of expanded child care funding. The impact of a sales tax on low-income households can sometimes be reduced through the use of tax exemptions or reductions for essential goods like groceries, gasoline, utilities, medicine, and other medical devices—though exemptions on common goods like groceries often require a higher tax rate to meet revenue goals, which can result in a higher tax burden for low-income families if they spend more on non-exempt goods and already receive assistance on food purchases. In terms of capacity, some parishes and municipalities may be at their limit on levying a higher sales tax rate without seeking approval from the State Legislature. Sales taxes provide a consistent form of revenue that is predictable based on historical collections, but it is possible for revenues to decline in times of economic hardship.

Property taxes are considered to be less regressive and more consistent than sales taxes. The property tax base is dependent on real estate values, which grow more slowly than sales revenues, but are also less likely to see significant declines. If values do decline, local government are allowed to adjust millages rates if revenues are projected to be lower than the previous year. The state's homestead exemption essentially eliminates the first $75,000 of value from an owner-occupied residential property before it is taxed. This has a significant effect on tax revenues in rural and low-income areas where home values are low. However, it is important to note that the majority of property tax revenues in Louisiana comes from non-residential properties, though this relationship may vary among tax jurisdictions. Local governments in Louisiana rely on property taxes to a much lower degree than their counterparts in other states. Because of this, and the relatively high rate of sales taxes in the state, there may be a greater appetite for property taxes than sales.

There are also additional methods that local governments can use to leverage tax revenue to provide funding for child care, like bonded indebtedness, public trusts, tax increment financing, and public-private partnerships. The most promising structure could be to utilize a special taxing district. Special districts are typically created in Louisiana to fund a specific purpose and they are not limited in their ability to set tax rates like municipalities and parishes are. Special districts can be drawn widely, to include multiple parishes, similar to Louisiana's levee districts and flood protection authorities. This approach could be helpful for rural parishes with low tax bases by creating a regional source of revenue that is anchored to nearby urban areas. Districts can also be drawn narrowly, as is often done with economic development districts, to capture revenue from commercial or more affluent areas and lessen the impact on low-income families. Special districts are considered to be an entity of the state and must be created by legislation at the state level.

## State Reforms to Support Local Action

This report has focused on the actions and considerations local governments can utilize to provide additional funding for child care in their own jurisdictions. However, there are some opportunities for statewide reform which could create additional options for generating local child care revenue. For instance, the section on special districts above makes multiple references to Louisiana levee districts and flood protection authorities. While those entities are considered to be special tax districts, they are enabled by a separate set of constitutional amendments and statutes than standard special tax districts. The State Legislature could enact a similar structure for special child care districts that outlines the structure and authorities of local districts created for funding child care. While this approach would give less flexibility to local governments and would likely require a Constitutional amendment, it would also allow for streamlined administration and integration of local initiatives into statewide programs like Louisiana's Ready Start Networks.

Broad revisions of Louisiana's tax code could create a wider tax base for local governments. Eliminating some of the sales tax exemptions for industrial and commercial businesses could free up revenue for child care and address the state's regressive tax burden issues. The property tax base could also be expanded by changing assessment requirements like the duration of assessment cycles, exemptions on certain assets, and assessment rates. Finally, Louisiana's recent foray into collecting online sales taxes could serve as an opportunity for local governments to channel a new source of revenue. As the state works to streamline centralized collections of remote sales, parishes and municipalities could see an influx of non-dedicated revenue which could be used to fund child care programs.

Even without state reforms, there are a number of ways that local governments can generate revenue for child care. This document has given a broad overview of the limits on local taxing authority and options to consider like sales vs. property tax, how to structure a tax district, and methods of leverage revenues once collected. The next step is for parishes and municipalities who are interested in using local dollars to expand child care in their jurisdiction to find the option that works best for them depending on the existing tax base and the appetite of voters in the district for a new tax.

# References


Associated Press. *Sales tax increase for Gonzales outlet mall approved*. 30 May 2012. <https://www.houmatoday.com/story/news/2012/05/30/sales-tax-increase-for-gonzales-outlet-mall-approved/27018042007/>.

BUILD Initiative. "Funding Our Future: Generating State and Local Tax Revenue for Quality Early Care and Education." 2019.

Campbell, F.A., et al. "Early Childhood Education: Young Adult Outcomes from the Abecedarian Project." Appl. Dev. Sci 6 (2002): 42-57.

Child Care Aware of America. "The US and the High Price of Child Care." 2019.

Committee for Economic Development. "Child Care in State Economies: 2019 Update." 2019.

Kathleen Babineaux Blanco Public Policy Center. "Child Care and the Economy in Louisiana." Policy Research Brief. April 2021.

Le, Vi-Nhuan, et al. "Examining the Denver Preschool Program tuition credit in relation to children's academic and attendance outcomes at kindergarten." *Early Childhood Research Quarterly* 55 (2021): 24-34.

Louisiana Association of Tax Administrators. "Varous Parish Millage Tables." n.d. *LATA Online*. January 2022. <https://lataonline.org/parishmap.html>.

Louisiana Dept. of Education. "Statistics for Child Care Providers." 2020. <https://louisianabelieves.com/docs/default-source/early-childhood/statistics-for-child-care-providers8e18fd5b8c9b66d6b292ff0000215f92.pdf>.

—. Statistics for Child Care Providers. n.d. 2022. <https://louisianabelieves.com/docs/default-source/early-childhood/statistics-for-child-care-providers8e18fd5b8c9b66d6b292ff0000215f92.pdf>.

Louisiana Dept. of Revenue. *School Readiness Tax Credits*. n.d. <http://www.revenue.louisiana.gov/IndividualIncomeTax/SchoolReadinessTaxCredit>.

Louisiana Early Childhood Care and Education Commission. "Funding Our Future: LA B to 3." 2020.

Louisiana Economic Development. *Incentives - Industrial Tax Exemption Program*. n.d. 2022. <https://www.opportunitylouisiana.com/business-incentives/>.

Louisiana House of Representatives. "Fiscal Year 21-22 HB1 Budget Review: Department of Education." 2021.

Louisiana Tax Commission. "Annual Report." 2020.

Malik, Rasheed. "Working Families are Spending Big Money on Child Care." 2019.

Netzer, Dick. "The incidence of the property tax revisited." *National Tax Journal* 26.4 (1973): 515-535.

Nores, M., et al. "Updating the Economic Impacts of the High/Scope Perry Preschool Program." Educ. Eval. *Policy Anal* 27 (2005): 245-261.

Oates, Wallace E and William A Fischel. "Are local property taxes regressive, progressive, or what?" *National Tax Journal* 69.2 (2016): 415-433.

Office of the Governor. *Governor Edwards' FY21 Budget Proposal Includes $99 Million in New Funding for Education*. 7 February 2020. <https://gov.louisiana.gov/index.cfm/newsroom/detail/2348>.

Richardson, James A., Steven M. Sheffrin and James Alm. *Exploring Long-Term Solutions for Louisiana's Tax System*. LSU Press, 2018.

Rosengard, Jay K. "The tax everyone loves to hate: principles of property tax reform." *Harvard Kennedy School wp* (2012).

Sonnier-Neto, Libbie, et al. "Balancing act: The financial challenges of child care facing Louisiana's working families." 2020.

Suits, David. "Measurement of Tax Progressivity." American Economic Review 67.4 (1977): 747-752.

U.S. Census Bureau. "Annual Survey of State and Local Government Finances." 2019. Dataset. January 2021. <https://www.census.gov/programs-surveys/gov-finances.html>.

U.S. Dept. of Health and Human Services. *Head Start Program Facts: Fiscal Year 2019*. 2019. <https://eclkc.ohs.acf.hhs.gov/sites/default/files/pdf/no-search/hs-program-fact-sheet-2019.pdf>.

Walczak, Jared. "The Suprising Regressivity of Grocery Tax Exemptions." 13 April 2022. *Tax Foundation*. September 2022. <https://taxfoundation.org/sales-tax-grocery-tax-exemptions/>.

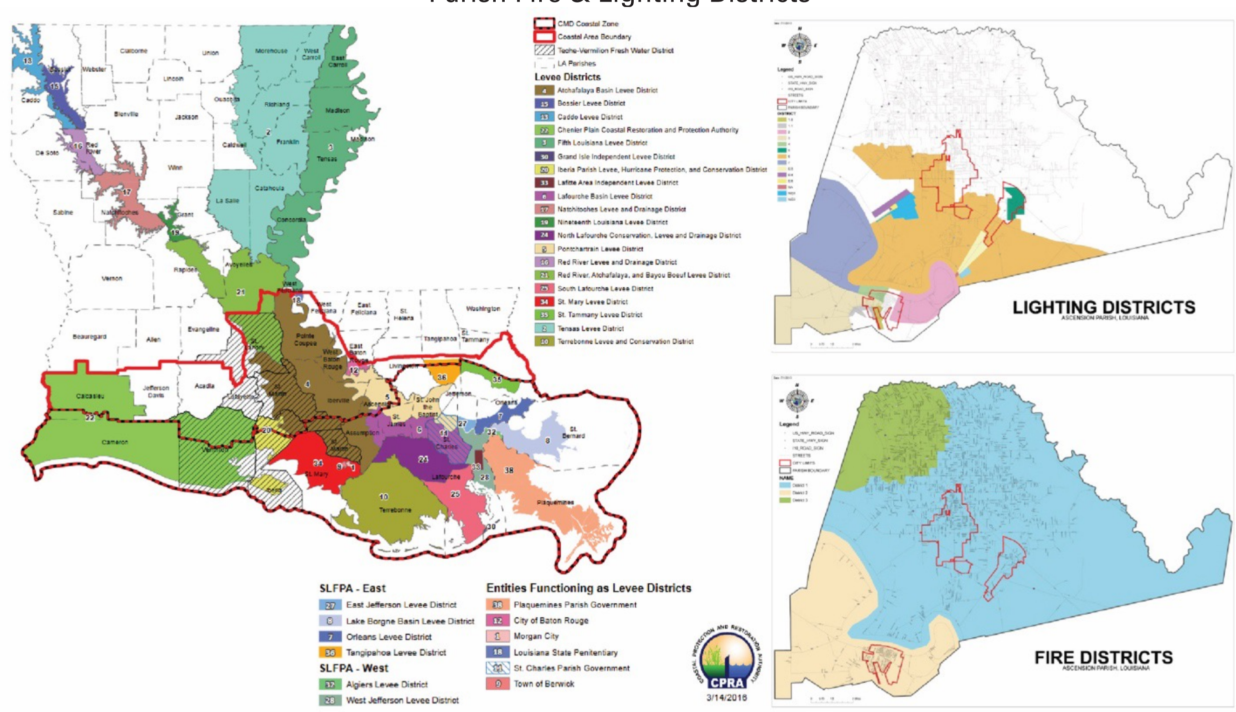
Wiehe, Meg, et al. "Who Pays? A Distributional Analysis of the Tax Systems in All 50 States." October 2018. <https://itep.org/whopays/>.

# Appendix

## Tax Jurisdictions of Ascension Parish

The tables and figures below give more clarity to the layers of regional and local tax jurisdictions that a given taxpayer might occupy in Louisiana. Ascension Parish is a somewhat typical parish in terms of tax jurisdictions. Parishwide millages and sales taxes fund the school board, the parish assessor's office, the sheriff's department, libraries, and health initiatives. The parish is further subdivided into tax districts for drainage, fire protection, lighting, and roadway improvements. Some of these sub-parish districts can occupy multiple municipalities (see **Figure A1**, Fire Districts) or may partially intersect a municipality (see **Figure A1**, Lighting Districts) and often have varying millage rates despite funding the same purpose (see **Table A1**, Lighting Districts). The municipalities of Gonzales, Donaldsonville, and Sorrento have their own sales tax rates and are exempt from the sales tax which funds the parish council and sheriff's department.[21] Within the city of Gonzales, the Tanger Mall Economic Development District (EDD) applies an additional 1-cent rate to sales in the Tanger Outlet Mall in which 70% of the tax revenues are returned to Tanger and 30% go to the Gonzales city government to fund roadway improvements near the shopping district (Associated Press). Furthermore, portions of Ascension Parish lie within the Atchafalaya Basin, Lafourche Basin, and Ponchartrain Levee Districts, each of which levies a different millage rate on property owners in their jurisdictions.

**Figure A1.** Louisiana Levee & Flood Protection Districts, Ascension Parish Fire & Lighting Districts




*Source: Louisiana Dept. of Coastal Protection and Restoration*

21 There may be a revenue sharing agreement between the municipalities and parish government that helps to fund parish services.

**Table A1.** Ascension Parish Millages

| Millage Description | Tax Category | Rate | Unit | Value |
|---|---|---|---|---|
| Parish Assessment District | Parish | $1.8 | mills | $2,760,427 |
| Library Maintenance | Parish | $4.0 | mills | $6,180,322 |
| Library Maintenance #2 | Parish | $2.5 | mills | $3,818,613 |
| Mental | Parish | $2.0 | mills | $3,036,492 |
| Parish Tax | Parish | $2.7 | mills | $3,773,537 |
| Parish Law Enforcement | Parish | $14.5 | mills | $22,206,144 |
| Parish Tax Donaldsonville | Parish | $1.4 | mills | $27,414 |
| Parish Tax Gonzales | Parish | $1.4 | mills | $186,819 |
| Health | Parish | $2.0 | mills | $3,036,492 |
| Parish Council on Aging | Parish | $1.5 | mills | $2,300,508 |
| Parish School 2005 | School | $4.2 | mills | $6,487,038 |
| Parish School 2009 | School | $6.5 | mills | $9,906,902 |
| Parish School 1999 | School | $0.4 | mills | $674,769 |
| Parish School 2016 | School | $4.0 | mills | $6,057,662 |
| Parish School Facilities | School | $4.0 | mills | $6,134,295 |
| School Constitutional | School | $3.6 | mills | $5,536,217 |
| School General Operating | School | $7.4 | mills | $11,348,444 |
| Parish School Buildings | School | $2.5 | mills | $3,834,082 |
| Parish School Technology | School | $8.0 | mills | $12,268,590 |
| Parish School Salaries | School | $21.0 | mills | $32,205,048 |
| Atchafalaya Levee District | Levee | $4.0 | mills | $75,347 |
| Lafourche Basin Levee District | Levee | $3.8 | mills | $412,193 |
| Ponchartrain Levee District | Levee | $3.2 | mills | $4,489,757 |
| East Ascension Drainage | Drainage | $4.9 | mills | $6,952,774 |
| West Ascension Drainage | Drainage | $5.3 | mills | $668,502 |
| West Ascension Drainage #2 | Drainage | $4.6 | mills | $582,731 |
| Amite River District | Miscellaneous | $2.2 | mills | $459,211 |
| Prairieville Fire District | Miscellaneous | $10.0 | mills | $2,745,227 |
| Prairieville Fire District | Miscellaneous | $10.0 | mills | $2,745,227 |
| Bayou Lafourche Fresh Water | Miscellaneous | $2.1 | mills | $64,349 |
| Gonzales General Fund | Miscellaneous | $5.3 | mills | $824,740 |
| Gonzales Fire Dept. | Miscellaneous | $3.3 | mills | $510,782 |
| Juvenile Detention | Miscellaneous | $1.0 | mills | $1,518,263 |
| ACUD #1 | Miscellaneous | $10.1 | mills | $335,384 |
| Lighting District #1 | Miscellaneous | $4.8 | mills | $48,836 |
| Lighting District #2 | Miscellaneous | $1.0 | mills | $92,664 |
| Lighting District #3 | Miscellaneous | $4.8 | mills | $59,127 |
| Lighting District #4 | Miscellaneous | $4.3 | mills | $18,645 |
| Lighting District #5 | Miscellaneous | $4.8 | mills | $37,756 |
| Lighting District #6 | Miscellaneous | $4.9 | mills | $928,031 |
| Lighting District #7 | Miscellaneous | $4.9 | mills | $18,563 |
| Parish Animal Shelter | Miscellaneous | $1.0 | mills | $1,518,263 |
| Brookstone SUBD Road | Miscellaneous | $15.0 | mills | $4,061 |
| Cambre Oaks SUBD Road | Miscellaneous | $15.0 | mills | $3,713 |
| Camellia Cove SUBD Road | Miscellaneous | $15.0 | mills | $1,134 |
| Germany Oaks Sub. 2nd | Miscellaneous | $15.0 | mills | $3,496 |
| Highland Trace SUBD Road | Miscellaneous | $15.0 | mills | $4,227 |
| Jamestown Crossing 1st | Miscellaneous | $15.0 | mills | $2,453 |
| Jamestown Crossing 2nd | Miscellaneous | $15.0 | mills | $3,919 |
| Villas at Rosewood Road | Miscellaneous | $15.0 | mills | $1,013 |
| Forestry Tax | Miscellaneous | $0.1 | dollars per acre | $2,099 |

*Source: Louisiana Tax Commission*

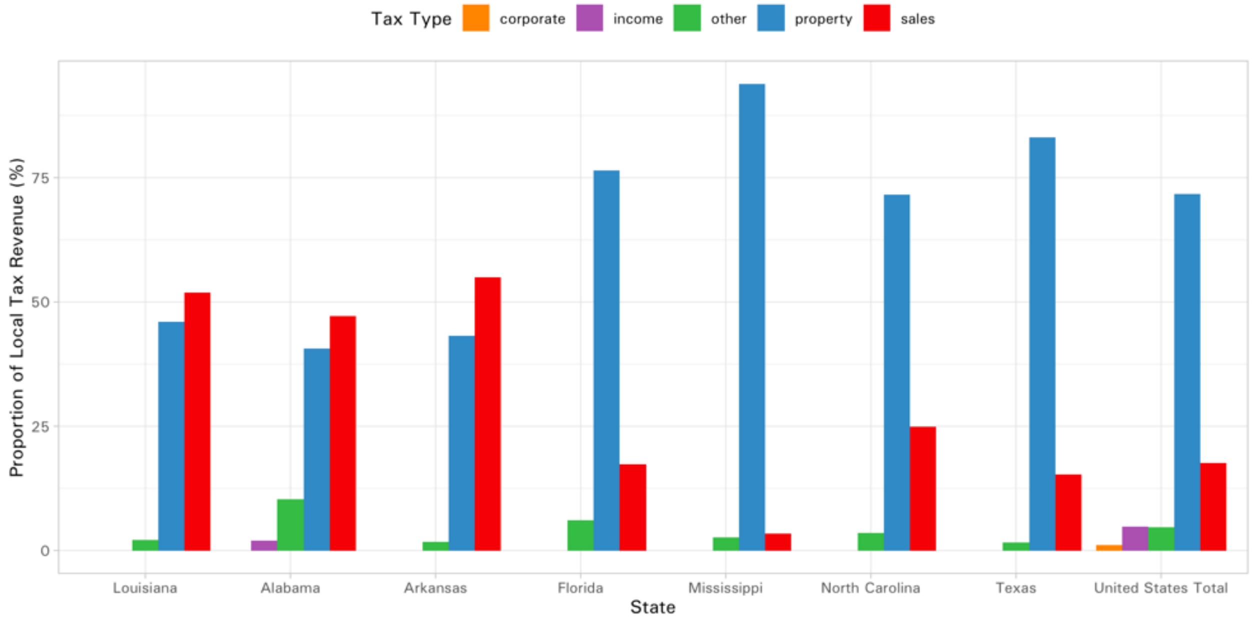
**Table A2.** Ascension Parish Sales Tax Districts & Rates

| Tax Purpose | East Ascension within Gonzales | East Ascension within Sorrento | East Ascension outside Gonzales or Sorrento | West Ascension within Donaldson -ville | West Ascension outside Donaldson -ville | Tanger Mall Dev. District | Donaldson -ville Annexation Area | East Ascension within Gonzales Conway Annexed Area |
|---|---|---|---|---|---|---|---|---|
| School Board | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Parish Council | – | – | 1.00% | – | 1.00% | – | 0.50% | 0.50% |
| Law Enforcement | – | – | 0.50% | – | 0.50% | – | 0.25% | 0.50% |
| City/Town | 2.00% | 2.00% | – | 2.50% | – | 2.00% | 2.50% | 1.00% |
| Hospital Dist. | – | – | – | 0.50% | 0.50% | – | 0.50% | – |
| Drainage Dist. | 0.50% | 0.50% | 0.50% | – | – | 0.50% | – | 0.25% |
| Sales Tax Dist. | – | – | 0.50% | – | 0.50% | – | 0.25% | 0.25% |
| EDD Rate | – | – | – | – | – | 1.00% | – | 1.00% |
| Total Local Rate | 4.50% | 4.50% | 4.50% | 5.00% | 4.50% | 5.50% | 6.00% | 5.50% |
| State Rate | 4.45% | 4.45% | 4.45% | 4.45% | 4.45% | 4.45% | 4.45% | 4.45% |
| Total Rate | 8.95% | 8.95% | 8.95% | 9.45% | 8.95% | 9.95% | 10.45% | 9.95% |

*Source: Louisiana Association of Tax Administrators*

## Sales & Property Tax Tables & Figures

**Figure A2.** Total local tax revenue by source, 2019




*Source: U.S. Census Bureau, Annual Survey of State & Local Government Finances*

**Table A3.** Median property tax burden by parish, 2019

| Location | Number of Households | Median Household Income | Median Property Tax Payment | Property Tax as a Percent of Income | Rank |
|---|---|---|---|---|---|
| Acadia Parish | 22,236 | $43,396 | $326 | 0.75% | 53 |
| Allen Parish | 7,925 | $46,446 | $199 | 0.43% | 63 |
| Ascension Parish | 43,032 | $80,527 | $1,154 | 1.43% | 20 |
| Assumption Parish | 8,552 | $43,759 | $448 | 1.02% | 34 |
| Avoyelles Parish | 15,163 | $38,565 | $201 | 0.52% | 62 |
| Beauregard Parish | 13,520 | $53,209 | $458 | 0.86% | 42 |
| Bienville Parish | 5,812 | $30,272 | $199 | 0.66% | 57 |
| Bossier Parish | 49,377 | $54,268 | $1,075 | 1.98% | 7 |
| Caddo Parish | 95,864 | $41,797 | $1,011 | 2.42% | 3 |
| Calcasieu Parish | 77,780 | $51,148 | $734 | 1.44% | 19 |
| Caldwell Parish | 3,665 | $37,691 | $317 | 0.84% | 45 |
| Cameron Parish | 2,734 | $53,423 | $760 | 1.42% | 21 |
| Catahoula Parish | 3,364 | $40,129 | $246 | 0.61% | 61 |
| Claiborne Parish | 5,917 | $26,776 | $252 | 0.94% | 39 |
| Concordia Parish | 7,162 | $32,500 | $235 | 0.72% | 55 |
| De Soto Parish | 10,821 | $46,006 | $345 | 0.75% | 54 |
| East Baton Rouge Parish | 164,346 | $54,948 | $1,183 | 2.15% | 5 |
| East Carroll Parish | 2,037 | $22,346 | $272 | 1.22% | 23 |
| East Feliciana Parish | 6,959 | $51,803 | $199 | 0.38% | 64 |
| Evangeline Parish | 12,172 | $31,965 | $250 | 0.78% | 48 |
| Franklin Parish | 7,423 | $35,282 | $348 | 0.99% | 37 |
| Grant Parish | 6,989 | $42,505 | $510 | 1.20% | 25 |
| Iberia Parish | 26,184 | $46,861 | $450 | 0.96% | 38 |
| Iberville Parish | 10,903 | $50,161 | $427 | 0.85% | 44 |
| Jackson Parish | 5,971 | $39,139 | $334 | 0.85% | 43 |
| Jefferson Davis Parish | 11,726 | $42,105 | $347 | 0.82% | 47 |
| Jefferson Parish | 169,452 | $54,032 | $967 | 1.79% | 10 |
| La Salle Parish | 4,814 | $42,104 | $494 | 1.17% | 27 |
| Lafayette Parish | 91,543 | $56,999 | $1,037 | 1.82% | 9 |
| Lafourche Parish | 36,895 | $55,506 | $666 | 1.20% | 24 |
| Lincoln Parish | 17,712 | $35,467 | $801 | 2.26% | 4 |
| Livingston Parish | 48,410 | $63,389 | $878 | 1.39% | 22 |
| Madison Parish | 3,832 | $30,350 | $199 | 0.66% | 58 |
| Morehouse Parish | 9,732 | $32,929 | $361 | 1.10% | 31 |
| Natchitoches Parish | 14,659 | $28,567 | $536 | 1.88% | 8 |
| Orleans Parish | 153,819 | $41,604 | $1,790 | 4.30% | 1 |
| Ouachita Parish | 56,556 | $41,121 | $707 | 1.72% | 12 |
| Plaquemines Parish | 8,919 | $57,204 | $954 | 1.67% | 13 |
| Pointe Coupee Parish | 8,960 | $41,480 | $364 | 0.88% | 40 |
| Rapides Parish | 48,488 | $47,269 | $708 | 1.50% | 18 |
| Red River Parish | 3,372 | $33,816 | $257 | 0.76% | 50 |
| Richland Parish | 7,459 | $34,029 | $294 | 0.86% | 41 |
| Sabine Parish | 9,158 | $40,336 | $305 | 0.76% | 52 |
| St. Bernard Parish | 15,005 | $44,661 | $734 | 1.64% | 14 |
| St. Charles Parish | 19,212 | $69,019 | $1,203 | 1.74% | 11 |
| St. Helena Parish | 3,857 | $43,886 | $280 | 0.64% | 60 |
| St. James Parish | 7,719 | $51,603 | $790 | 1.53% | 15 |
| St. John the Baptist Parish | 15,270 | $57,429 | $622 | 1.08% | 33 |
| St. Landry Parish | 30,485 | $36,403 | $304 | 0.84% | 46 |
| St. Martin Parish | 19,749 | $48,656 | $545 | 1.12% | 29 |
| St. Mary Parish | 19,856 | $40,485 | $408 | 1.01% | 35 |
| St. Tammany Parish | 92,962 | $68,905 | $1,744 | 2.53% | 2 |
| Tangipahoa Parish | 47,597 | $47,832 | $728 | 1.52% | 16 |
| Tensas Parish | 1,792 | $27,500 | $302 | 1.10% | 30 |
| Terrebonne Parish | 39,972 | $48,747 | $574 | 1.18% | 26 |
| Union Parish | 7,582 | $44,100 | $342 | 0.78% | 49 |
| Vermilion Parish | 22,086 | $51,945 | $361 | 0.69% | 56 |
| Vernon Parish | 17,696 | $49,141 | $561 | 1.14% | 28 |
| Washington Parish | 17,613 | $37,570 | $378 | 1.01% | 36 |
| Webster Parish | 16,551 | $28,951 | $317 | 1.09% | 32 |
| West Baton Rouge Parish | 9,643 | $65,385 | $989 | 1.51% | 17 |
| West Carroll Parish | 4,084 | $38,500 | $292 | 0.76% | 51 |
| West Feliciana Parish | 3,869 | $59,637 | $1,193 | 2.00% | 6 |
| Winn Parish | 5,483 | $38,353 | $246 | 0.64% | 59 |

*Source: U.S. Census Bureau, American Community Survey 5-year estimates, 2019*

**Table A4.** Sales base and rates by parish

| Parish | Total Sales* | Number of Jurisdictions | Minimum Local Rate | Maximum Local Rate | Statewide Rate | Minimum Total Rate | Maximum Total Rate |
|---|---|---|---|---|---|---|---|
| Ouachita | 2,951 | 9 | 4.99% | 8.50% | 4.45% | 9.44% | 12.95% |
| Calcasieu | 7,089 | 14 | 4.25% | 7.75% | 4.45% | 8.70% | 12.20% |
| Lincoln | 890 | 10 | 3.75% | 7.75% | 4.45% | 8.20% | 12.20% |
| Iberville | 1,303 | 3 | 5.00% | 7.67% | 4.45% | 9.45% | 12.12% |
| St. Landry | 1,179 | 20 | 3.50% | 7.55% | 4.45% | 7.95% | 12.00% |
| Webster | 651 | 15 | 3.00% | 7.50% | 4.45% | 7.45% | 11.95% |
| Catahoula | 88 | 2 | 6.00% | 7.00% | 4.45% | 10.45% | 11.45% |
| East Carroll | 58 | 2 | 5.00% | 7.00% | 4.45% | 9.45% | 11.45% |
| Union | 249 | 5 | 5.00% | 7.00% | 4.45% | 9.45% | 11.45% |
| Concordia | 273 | 4 | 4.75% | 6.75% | 4.45% | 9.20% | 11.20% |
| Sabine | 453 | 7 | 4.63% | 6.63% | 4.45% | 9.08% | 11.08% |
| East Baton Rouge | 10,155 | 9 | 5.50% | 6.50% | 4.45% | 9.95% | 10.95% |
| Livingston | 2,012 | 14 | 4.00% | 6.50% | 4.45% | 8.45% | 10.95% |
| Natchitoches | 630 | 10 | 4.00% | 6.50% | 4.45% | 8.45% | 10.95% |
| Caddo | 5,305 | 15 | 3.35% | 6.35% | 4.45% | 7.80% | 10.80% |
| Lafayette | 5,890 | 19 | 4.00% | 6.25% | 4.45% | 8.45% | 10.70% |
| Tensas | 50 | 4 | 5.25% | 6.25% | 4.45% | 9.70% | 10.70% |
| Allen | 285 | 7 | 4.70% | 6.00% | 4.45% | 9.15% | 10.45% |
| Ascension | 3,507 | 8 | 4.50% | 6.00% | 4.45% | 8.95% | 10.45% |
| Claiborne | 133 | 5 | 3.63% | 6.00% | 4.45% | 8.08% | 10.45% |
| Evangeline | 371 | 7 | 6.00% | 6.00% | 4.45% | 10.45% | 10.45% |
| Franklin | 259 | 5 | 4.00% | 6.00% | 4.45% | 8.45% | 10.45% |
| Grant | 132 | 7 | 4.00% | 6.00% | 4.45% | 8.45% | 10.45% |
| Madison | 131 | 4 | 3.50% | 6.00% | 4.45% | 7.95% | 10.45% |
| Morehouse | 299 | 7 | 3.50% | 6.00% | 4.45% | 7.95% | 10.45% |
| Richland | 310 | 4 | 4.00% | 6.00% | 4.45% | 8.45% | 10.45% |
| St. Helena | 77 | 4 | 5.00% | 6.00% | 4.45% | 9.45% | 10.45% |
| St. Martin | 806 | 13 | 3.50% | 6.00% | 4.45% | 7.95% | 10.45% |
| Tangipahoa | 2,237 | 10 | 3.50% | 6.00% | 4.45% | 7.95% | 10.45% |
| Vermilion | 743 | 9 | 3.75% | 6.00% | 4.45% | 8.20% | 10.45% |
| West Carroll | 135 | 4 | 5.00% | 6.00% | 4.45% | 9.45% | 10.45% |
| Iberia | 1,298 | 10 | 3.25% | 5.75% | 4.45% | 7.70% | 10.20% |
| Acadia | 843 | 11 | 4.25% | 5.50% | 4.45% | 8.70% | 9.95% |
| Assumption | 254 | 2 | 5.00% | 5.50% | 4.45% | 9.45% | 9.95% |
| Bienville | 203 | 6 | 3.00% | 5.50% | 4.45% | 7.45% | 9.95% |
| DeSoto | 1,106 | 7 | 4.00% | 5.50% | 4.45% | 8.45% | 9.95% |
| Jefferson Davis | 10,235 | 7 | 5.00% | 5.50% | 4.45% | 9.45% | 9.95% |
| LaSalle | 301 | 4 | 4.00% | 5.50% | 4.45% | 8.45% | 9.95% |
| Rapides | 2,599 | 12 | 3.50% | 5.50% | 4.45% | 7.95% | 9.95% |
| Red River | 240 | 3 | 4.50% | 5.50% | 4.45% | 8.95% | 9.95% |
| Terrebonne | 2,195 | 1 | 5.50% | 5.50% | 4.45% | 9.95% | 9.95% |
| Vernon | 601 | 5 | 4.00% | 5.50% | 4.45% | 8.45% | 9.95% |
| Washington | 532 | 6 | 3.83% | 5.50% | 4.45% | 8.28% | 9.95% |
| West Baton Rouge | 773 | 2 | 5.00% | 5.50% | 4.45% | 9.45% | 9.95% |
| West Feliciana | 281 | 2 | 5.00% | 5.50% | 4.45% | 9.45% | 9.95% |
| Winn | 220 | 3 | 4.00% | 5.50% | 4.45% | 8.45% | 9.95% |
| Lafourche | 1,504 | 6 | 4.65% | 5.40% | 4.45% | 9.10% | 9.85% |
| Avoyelles | 456 | 9 | 3.25% | 5.25% | 4.45% | 7.70% | 9.70% |
| Bossier | 2,701 | 7 | 4.25% | 5.25% | 4.45% | 8.70% | 9.70% |
| St. John | 1,036 | 1 | 5.25% | 5.25% | 4.45% | 9.70% | 9.70% |
| St. Tammany | 5,132 | 14 | 4.25% | 5.25% | 4.45% | 8.70% | 9.70% |
| Beauregard | 547 | 3 | 4.75% | 5.00% | 4.45% | 9.20% | 9.45% |
| Caldwell | 114 | 3 | 5.00% | 5.00% | 4.45% | 9.45% | 9.45% |
| East Feliciana | 191 | 1 | 5.00% | 5.00% | 4.45% | 9.45% | 9.45% |
| Jackson | 171 | 7 | 4.00% | 5.00% | 4.45% | 8.45% | 9.45% |
| Orleans | 9,867 | 2 | 4.50% | 5.00% | 4.45% | 8.95% | 9.45% |
| Pointe Coupee | 351 | 5 | 4.00% | 5.00% | 4.45% | 8.45% | 9.45% |
| St. Bernard | 768 | 1 | 5.00% | 5.00% | 4.45% | 9.45% | 9.45% |
| St. Charles | 1,892 | 1 | 5.00% | 5.00% | 4.45% | 9.45% | 9.45% |
| Jefferson | 454 | 5 | 3.50% | 4.75% | 4.45% | 7.95% | 9.20% |
| St. Mary | 860 | 8 | 4.45% | 4.75% | 4.45% | 8.90% | 9.20% |
| Plaquemines | 675 | 3 | 3.50% | 4.50% | 4.45% | 7.95% | 8.95% |
| St. James | 1,032 | 3 | 3.50% | 4.50% | 4.45% | 7.95% | 8.95% |
| Cameron | 256 | 0 | 0.00% | 0.00% | 4.45% | 4.45% | 4.45% |

*Source: Louisiana Association of Tax Administrators, Louisiana Department of Education.*
** Total Sales for FY 2019.*