

CWIP Talking Points:

- The materials purchased by contractors and home builders used to construct a home, building or other structure are known as construction work in progress or “CWIP”
- Louisiana has a long history of not assessing property taxes on CWIP
- That is because construction materials are taxed as inventory *before* use in a construction project, and then taxed as a building or other construction *after* the construction project is complete
- That means this would result in construction work being taxed THREE TIMES – as inventory, CWIP and at completion. This is nothing more than a “Hard Hat Triple Tax” that will hurt Louisiana’s economy
- Recently, one parish assessor threatened to tax the CWIP of a project while it was still under construction
- Property tax assessments are required to be equal and uniform (i.e., everyone must be treated the same). As a result, if the threat was successful, the cost of constructing anything in the state of Louisiana would increase significantly
 - For example, the tax bill on CWIP for the construction of a new \$100,000 home in a parish with a millage rate of 120 mills could incur \$ \$1,800 in property tax while the home was still under construction
- Such an increase in costs would have a negative impact on job creation and investment in Louisiana and further hurt our economy
- For these reasons, Constitutional Amendment #1 has support from a broad group including [*tailor list for audience*]

Constitutional Amendment #1 **WILL:**

- Help Louisiana’s economy by confirming that the assessment of property taxes on CWIP is prohibited
- Block a massive tax increase from harming our families, jobs, communities and long-term investment in Louisiana’s future
- Protect our citizens, some of whom are having to deal with increases in flood insurance, from facing a large property tax increase
- Eliminate uncertainty for anyone seeking to construct anything anywhere in the state
- Keep Louisiana competitive for attracting new companies and thousands of jobs to the state
- Protect increased investment in Louisiana
- Protect both existing and new jobs in Louisiana
 - Construction jobs
 - Jobs associated with necessary expansion/improvements
 - Jobs for new business development

Constitutional Amendment #1 will **NOT:**

- Impact revenue of local government – CWIP is not subject to tax now; CA #1 ensures it isn’t in the future

Coalition Members:

Louisiana Police Jury Association

Louisiana Home Builders Association

Louisiana Association of General Contractors

Louisiana Realtors Association

Louisiana Municipal Association

Louisiana Energy Export Association

Louisiana Chemical Association

Mid Continent Oil and Gas

Louisiana Industrial Development Executives Association

Association of Building Contractors

Louisiana Association of Business and Industry

Committee of 100