



CONRAD T. COMEAUX
Assessor, Lafayette Parish
Paroisse de Lafayette

P. O. BOX 3225 | LAFAYETTE, LA 70502-3225 | TELEPHONE: 337-291-7080 | FAX: 337-291-7086

September 2006

To All Louisiana Business Owners Concerned About Property Taxes on Your Business' Assets

I am asking for your support to Stop The Abusive Taxation of Businesses In Louisiana (**STATOBIL**). Every year, the Louisiana Tax Commission sets the guidelines by which all of your business assets are taxed. The method used in calculating the value of your movable property (non-real estate property) is as follows:

Original cost x index factor x percent good multiplier (a depreciation factor based on age of item) = **fair market value**.

The problem with the current methodology is that your assets are being over-valued when compared to what the market is willing to pay for used equipment – therefore your business is being over-taxed!

Most business owners don't know about this procedure or don't have time to address this situation. That is why I am calling your attention to the yearly abusive taxation of your business.

I have proposed changes to the Tax Commission guidelines that would correct the valuation of your assets, as those items continue to age and depreciate. My proposal affects every business that owns computers, computer peripheral equipment (printers, scanners, etc.), computer-integrated equipment, copy machines, and office furniture and fixtures. This proposal to lower the valuation of all of this used equipment is based on actual market data compiled by credible valuation sources, like Orion Research Corporation.

An example of how my proposal affects you is as follows:

If you own 3-year old computers and/or 5-year old furniture – this proposal will reduce the property tax you pay on this equipment by over **40%**. The savings will increase every year as the items increase in age! (See enclosed charts)

A second component of my proposal will lower the property taxes for auto repair shops, cabinet shops, garages, general contractors, machine shops, sheet metal fabricators, plumbers and woodworking shops. These businesses all use power tools, which tend to depreciate more rapidly than the current table allows – thus causing excessive taxation.

Most importantly, my proposal will increase the maximum amount of depreciation, from 80% to 88%, applied to all of your older equipment, regardless of the type of equipment.

You can view my written proposal and my oral presentation to the Tax Commission on my web site under the Hot Topics at www.lafayetteassessor.com.

I can't accomplish this mission alone – I need your help. Please send a letter in support of my proposal to the Louisiana Tax Commission, c/o Elizabeth Guglielmo, Chair, P.O. Box 66788, Baton Rouge, LA 70896 or by email to the executive secretary at tonya.kyer@la.gov or by fax at (225) 925-7820. You should also copy Governor Kathleen Blanco, P.O. Box 94004, Baton Rouge, LA 70804-9004 or by fax at (225) 342-7099. **Act now – the Tax Commission will vote on this proposal on October 18, 2006.** (See sample letter enclosed)

Together we can stop the abusive taxation of Louisiana's businesses.

Thank you for assisting me in this effort.

Sincerely,

Conrad T. Comeaux, Assessor

Enclosures

www.lafayetteassessor.com

LOCATION: 1010 LAFAYETTE STREET, SUITE 402, LAFAYETTE, LA 70501

Examples of Proposed Changes by Lafayette Parish Assessor to Louisiana Tax Commission Guidelines

Computers, peripherals & computer-integrated equipment	Current method - computer equipment purchased for \$2,000	Computer equipment at <u>proposed 3 yr. schedule</u> - purchased for \$2,000	Percentage You Are Over-Taxed
Age	Value at Which Equipment is Taxed	Value at Which Equipment is Taxed	
1	\$1,660	\$1,380	20.3%
2	\$1,460	\$1,040	40.4%
3	\$1,140	\$660	72.7%
4	\$760	\$360	111.1%
5	\$520	\$140	271.4%
6	\$400	\$140	185.7%

Office furniture & fixtures	Current method - desk purchased for \$500	Desk at <u>proposed 8 yr. schedule</u> - purchased for \$500	Percentage You Are Over-Taxed
Age	Value at Which Equipment is Taxed	Value at Which Equipment is Taxed	
1	\$465	\$440	5.7%
2	\$475	\$415	14.5%
3	\$465	\$365	27.4%
4	\$435	\$300	45.0%
5	\$405	\$240	68.8%
6	\$380	\$185	105.4%
7	\$355	\$135	163.0%
8	\$315	\$95	231.6%
9	\$285	\$70	307.1%
10	\$255	\$70	264.3%
11	\$220	\$70	214.3%
12	\$190	\$70	171.4%
13	\$165	\$70	135.7%
14	\$150	\$70	114.3%
15	\$140	\$70	100.0%
16	\$135	\$70	92.9%
17	\$130	\$70	85.7%

Examples of Proposed Changes by Lafayette Parish Assessor to Louisiana Tax Commission Guidelines

Auto repair, garages, general contractors, plumbers machinery & equipment	Current method - Auto repair, garages, general contractors, plumbers equipment purchased for \$5,000	Auto repair, garages, general contractors, plumbers equipment at <u>proposed 8 yr. schedule</u> - purchased for \$5,000	Percentage You Are Over-Taxed
Age	Value at Which Equipment is Taxed	Value at Which Equipment is Taxed	
1	\$4,500	\$4,400	2.3%
2	\$4,400	\$4,150	6.0%
3	\$4,150	\$3,650	13.7%
4	\$3,700	\$3,000	23.3%
5	\$3,250	\$2,400	35.4%
6	\$2,750	\$1,850	48.6%
7	\$2,250	\$1,350	66.7%
8	\$1,700	\$950	78.9%
9	\$1,400	\$700	100.0%
10	\$1,250	\$700	78.6%
11	\$1,200	\$700	71.4%

Welding, woodworking, machine shop machinery & equipment	Current method - welding, woodworking, machine shop equipment purchased for \$5,000	Welding, woodworking, machine shop equipment at <u>proposed 8 yr. schedule</u> - purchased for \$5,000	Percentage You Are Over-Taxed
Age	Value at Which Equipment is Taxed	Value at Which Equipment is Taxed	
1	\$4,600	\$4,400	4.5%
2	\$4,600	\$4,150	10.8%
3	\$4,350	\$3,650	19.2%
4	\$4,050	\$3,000	35.0%
5	\$3,700	\$2,400	54.2%
6	\$3,250	\$1,850	75.7%
7	\$2,850	\$1,350	111.1%
8	\$2,450	\$950	157.9%
9	\$2,100	\$700	200.0%
10	\$1,700	\$700	142.9%
11	\$1,450	\$700	107.1%
12	\$1,350	\$700	92.9%
13	\$1,250	\$700	78.6%

SAMPLE LETTER

Louisiana Tax Commission
c/o Elizabeth Guglielmo, Chair
PO Box 66788
Baton Rouge, LA 70896

Cc: Governor Kathleen Blanco
PO Box 94004
Baton Rouge, LA 70804-9004

Dear members of the Louisiana Tax Commission,

Louisiana businesses are being taxed unfairly because the Louisiana Tax Commission's guidelines overstate the value of movable property. The antiquated and out-of-touch guidelines used by the Louisiana Tax Commission calculate values based on cold mathematical formulas, resulting in mythical values that are frequently dramatically higher than the market is willing to pay for used equipment and other property. To tax property at a valuation that is more than it is worth is unfair and abusive.

I am writing to urge you to adopt changes to Tax Commission guidelines proposed by Lafayette Parish Assessor Conrad Comeaux. Mr. Comeaux proposes that valuation of movable property be calculated in a way that conforms more to the reality of the market, utilizing credible valuation sources, and which recognizes that the rates of depreciation that goods, tools and equipment experienced in the live market place are not the same as some abstract mathematician's good-for-all formula.

Because of the way the Tax Commission currently calculates the value of movable property, Louisiana businesses are being taxed on values as much as 300 percent of what their equipment, tools or fixtures are worth. If the Tax Commission knows someplace where, say, a Louisiana business can get \$520 for a computer purchased for \$2000 five years ago, there are a lot of businesses in the state who want to know where that is! This computer might fetch \$140 in the real marketplace, according to research statistics. But the Louisiana business is paying taxes on it as though it were still worth \$520, which it might be in some mathematician's ivory tower but not in the marketplace. This is just one example – and one that is fairly common – of how Louisiana businesses are being unfairly and abusively overtaxed.

I urge you to join in this effort and update the Louisiana Tax Commission's guidelines for taxing movable property to one that reflects the reality of the market.

Sincerely,

Name
Name of Business