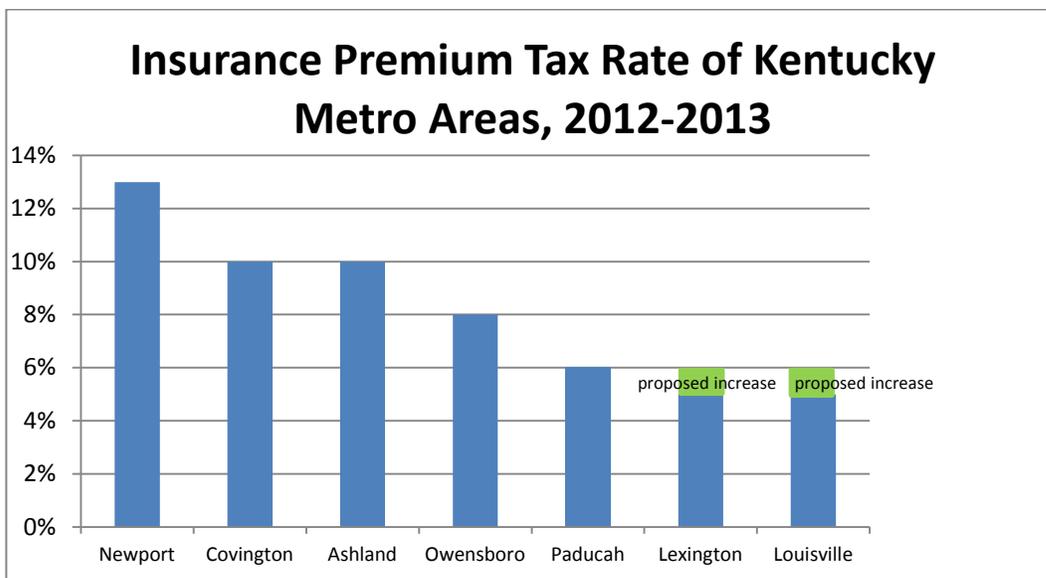


# Enact a 1% insurance premium tax increase to fund the Louisville Affordable Housing Trust Fund

Hardworking families deserve the opportunity to afford a home and still have enough money for groceries and child care. But 91,999 Louisville families can't afford their rent or mortgage – the equivalent of filling the YUM! Center to capacity more than four times. And 13,000 children in public schools will be homeless this year, or one in every eight students! Every child deserves a place to call home. **The Louisville Affordable Housing Trust Fund is a proven-to-work way to solve this crisis.**

**The city of Louisville may take action *now* to help hardworking families by enacting a 1% insurance premium tax increase as the source of ongoing dedicated public revenue for the LAHTF.** By doing so, Louisville establishes \$10.1 million annually<sup>1</sup> in dedicated public revenue for the LAHTF to help struggling families.<sup>2</sup>

**Increasing this rate simply helps to catch Louisville up to other cities.** Louisville's 5% insurance premium tax<sup>3</sup> is lower than other KY cities and remains so after a 1% increase.



In addition, 15 incorporated cities within Louisville Metro *already* charge more than 5% insurance premium tax rate. 10 of them will *still* be charging more than Louisville Metro, even after the 1% increase.<sup>4</sup>

<sup>1</sup> Fischer, G. & Heslen, E. (2013). *Louisville Metro Recommended Executive Budget FY2013/2014*. Louisville, KY.

<sup>2</sup> The appropriate and necessary level of funding to solve the problem was identified as \$10 million annually by Metro Council and several Task Forces, as stated in LMCO 40.43.

<sup>3</sup> As authorized in LMCO 122.01-99 (other ins), LMCO 38.64 (health ins), and KRS91A.080, with revenues going to the City's general fund. Health insurance is not taxed in the non-urban services district.

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- Lexington proposes to fund their local AHTF and homelessness prevention efforts with a 1% increase in the insurance premium tax.
- In 2009, Owensboro doubled its insurance premium tax to 8%, generating \$80 million, creating \$1 billion in economic development, and producing thousands of jobs – more than any other metropolitan area in Kentucky in the last two years.<sup>5</sup> Revenue from Owensboro’s occupational tax rose 7.8%, city government has ended the year with surpluses for the last seven years, and unemployment decreased to below the national average.

***Surely the citizens of Louisville deserve the same benefits.***



With a 1% increase in the insurance premium tax the average homeowner’s insurance cost would increase by \$7.60 annually; the average automobile insurance would increase by \$7.52.<sup>6</sup> **That’s about 63¢ a month for each, about the cost of a 2-liter of soda.**

***The Board of Directors of the Louisville Affordable Housing Trust Fund, appointed by the Mayor, confirmed by Metro Council, and representative of the community, calls for a 1% increase in the insurance premium tax to be dedicated to the LAHTF by March 14, 2013.*** In December 2006, the Mayoral Task Force appointed to study the issue unanimously recommended this source of funding. The Task Force was comprised of bankers, realtors, apartment owners, housing advocates, developers, nonprofits, and state and local government representatives.

***This is the only revenue source that meets the 2008 commitment made by Metro Council, \$10 million annually, and can be enacted right now without further state action.***

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<sup>4</sup> Brenda Smith (2013). Ms. Smith is Coordinator of the Kentucky Department of Insurance Local Government Premium Tax Program.

<sup>5</sup> Schneider, K. (2011). *A Kentucky city reinvents a faded downtown*. **The New York Times**. Retrieved from [http://www.nytimes.com/2011/11/16/realestate/commercial/in-owensboro-ky-a-tax-increase-helps-revitalize-downtown.html?\\_r=1&adxnnl=1&adxnnlx=1345400868-WKnpDkdoNC4IUQ0PseCEwQ](http://www.nytimes.com/2011/11/16/realestate/commercial/in-owensboro-ky-a-tax-increase-helps-revitalize-downtown.html?_r=1&adxnnl=1&adxnnlx=1345400868-WKnpDkdoNC4IUQ0PseCEwQ)

<sup>6</sup> Commonwealth Economic (2010). *Lexington/Fayette Affordable Housing Trust Fund Fiscal Economic and Social Impact Study*. To estimate individual cost, add up the cost of your insurance and multiply it by .006.