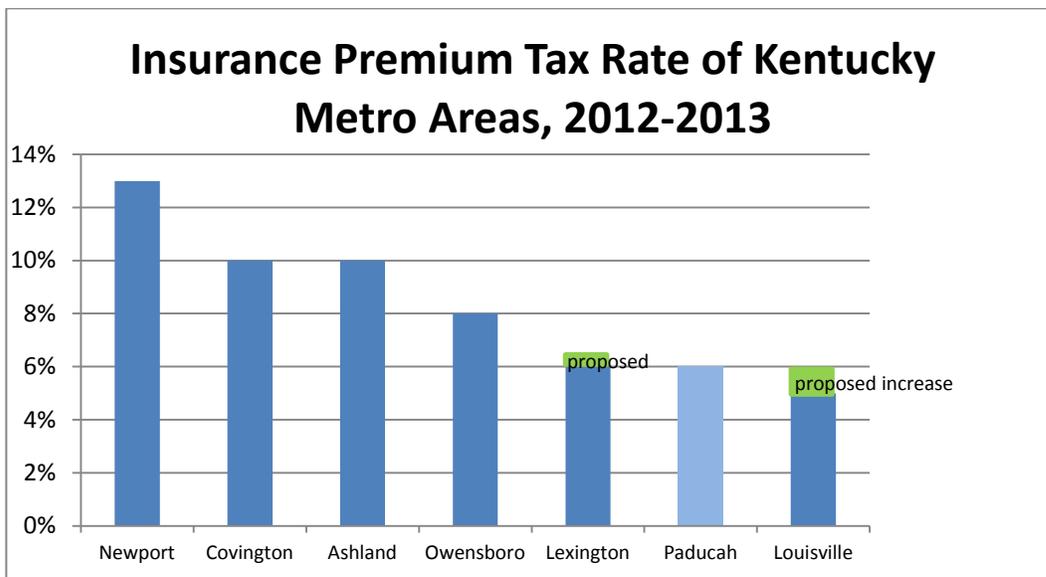


Enact a 1% insurance premium tax increase to fund the Louisville Affordable Housing Trust Fund

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 the opportunity to succeed in school and in life, and that begins with 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 by March 14, 2013 as the source of ongoing dedicated public revenue for the LAHTF. By doing so, Louisville establishes an estimated \$9.7 million annually¹ in dedicated public revenue for the LAHTF to help struggling families.²

Increasing this rate simply helps to catch Louisville up to other cities. In fact, Louisville's 5% insurance premium tax³ is lower than all other urban areas in Kentucky⁴, and would remain so even after the 1% increase.



¹ Fischer, G. & Heslen, E. (2012). *Setting a Course: Louisville Metro Recommended Executive Budget FY2012/2013*. Louisville, KY.

² 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.

³ 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.

⁴ Kentucky Department of Insurance. (2012). *Commonwealth of Kentucky Local Government Premium Taxes 2012-2013 Schedule*. Retrieved from http://insurance.ky.gov/Docs.aspx?Div_ID=13#174

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- 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.⁵ 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.

- Closer to home, Lexington already levies a 6% insurance premium tax and a Task Force recommended an increase to 6.5% to fund a Lexington AHTF.

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 \$7.52.⁶ **That’s about 63¢ a month for each, about the cost of a 2-liter of soda.**



The Board of Directors of the Louisville Metro 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 also 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 commitment made by Metro Council, \$10 million annually, and can be enacted right now without further state action.

⁵ 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

⁶ 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.