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MAY 16 2003
Opinion Number 03-0127

Honorable Camile J. Trahan
Mayor, Town of Sorrento
P.O. Box 65
Sorrento, LA 70778

54 Insurance
71 Municipalities
La. R.S. 39:704
Article 7, Section 14 of the Louisiana Constitution

Town of Sorrento may use tax proceeds to benefit its senior citizens and may provide for an insurance allowance in its employees' compensation packages.

Dear Mayor Trahan:

One percent of a sales tax in the Town of Sorrento is dedicated for the benefit of senior citizens. The town is considering two programs to benefit its senior citizens. One program will pay the monthly garbage collection service charge of all persons ages sixty and over. The second is a Christmas program again to benefit all persons ages sixty and over. The town questions if these programs are an appropriate use of the tax proceeds.

Additionally, the town currently provides health insurance to its full time employees and its elected officials through a contract with Blue Cross. The current contract provides that the town pay eighty percent of the premium with the remaining twenty percent being paid by the employee. The town questions if it may instead provide an insurance allowance to its employees provided they opt out of the town's insurance contract. This would save the town a considerable amount of money but it questions if such a program is legal.

First, it is our opinion that the programs described in your request, designed to benefit the town's senior citizens, are an appropriate use of the tax proceeds. The proceeds of a special tax can only be used for the purpose for which it was levied.¹ The tax at issue was levied for the purpose of providing funds for recreation, fire protection, and senior citizens programs. This language is somewhat broad and certainly if the program is to benefit senior citizens, it is within the dedicated purpose of the tax.

Second, public funds may be used for contributions to pension and insurance programs for the benefit of public employees.² We, therefore, believe that the town may pay or reimburse health insurance premiums on behalf of its employees and elected officials. We suggest that the town simply include an insurance allowance, if the employee opts out of the town's insurance contract, of a set amount as part of the employee's

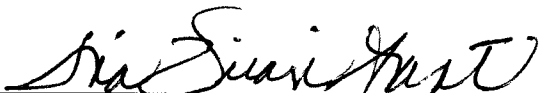
¹ La. R. S. 39:704

² Article 7, Section 14 of the Louisiana Constitution of 1974

compensation package. The town can do the same for its elected officials, however, if the official's salary is set by ordinance, the ordinance must be amended to include health insurance and any other benefits.³

Yours very truly,

RICHARD P. IEYOUB
Attorney General

BY: 
TINA VICARI GRANT
Assistant Attorney General

RPI/TVG/dam

³ Attorney General Opinion Number 02-0197