

2017 Regular Session

HOUSE BILL NO. 206

BY REPRESENTATIVE CARMODY

TAX/AD VALOREM-EXEMPTION: Provides with respect to the ad valorem tax exemption for certain property of manufacturing establishments

1 AN ACT

2 To enact R.S. 47:1713, relative to ad valorem tax; to provide with respect to the exemption  
3 for certain property of manufacturing establishments; to establish requirements for  
4 eligibility and applications for exemptions; to provide for consideration, approval,  
5 and granting of the exemption; to authorize rulemaking; to provide for effectiveness;  
6 and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:1713 is hereby enacted to read as follows:

9 §1713. Exemption for certain property of manufacturing establishments

10 A. Program. In accordance with the requirements of Article VII, Section  
11 21(F) of the Constitution of Louisiana, there is hereby established a program to be  
12 administered by the Board of Commerce and Industry, referred to in this Section as  
13 "board", for purposes of the ad valorem tax exemption authorized for the property  
14 of certain manufacturing establishments.

15 B. Eligibility and Application. The board shall establish eligibility  
16 requirements for the exemption in accordance with the constitution that shall include  
17 application requirements, and may include provisions concerning expectations for  
18 returns on investment for purposes of foregone ad valorem tax revenue. Application  
19 for an exemption shall be made to the board in a manner established by the board.

1           C. Review and Recommendation. (1) The board shall review all  
2           applications in a timely manner and render its recommendation concerning each  
3           application, either to recommend or reject the application. If an application is  
4           recommended by the board, a proposed exemption contract shall be developed to  
5           effectuate the exemption should it receive final approval.

6           (2) For any application recommended by the board for approval, the board  
7           shall submit to the governing authority of the parish in which the applicant's property  
8           for which the exemption is sought is located, referred to in this Section as "parish  
9           authority", the proposed exemption contract and all other materials and information  
10          sufficient for the parish authority's review of the application.

11          (3) A proposed exemption contract may be revised as may be requested by  
12          the parish authority. Each application presented to a parish authority shall be either  
13          approved or denied, as evidenced by the adoption of a resolution, within thirty days  
14          of receipt of the application.

15          C. Final Approval. The parish authority shall furnish to the board a copy of  
16          any resolution it adopts to approve an exemption, as well as any requirements for  
17          revision of the proposed exemption contract. Upon receipt of a resolution and any  
18          exemption contract revisions, the board shall prepare the final exemption contract  
19          along with a cooperative endeavor agreement to be executed by the state and the  
20          applicant, if the application receives final approval by the governor.

21          D. Rulemaking. The board shall establish by rule all provisions to carry out  
22          the requirements of this Section and Article VII, Section 21(F) of the Louisiana  
23          Constitution. For purposes of the Administrative Procedure Act, the House  
24          Committee on Ways and Means and the Senate Committee on Revenue and Fiscal  
25          Affairs shall serve as oversight committees.

26          Section 2. This Act shall take effect and become operative if and when the proposed  
27          amendment of Article VII, Section 21(F) of the Constitution of Louisiana contained in the  
28          Act which originated as House Bill No. \_\_\_\_\_ of this 2017 Regular Session of the  
29          Legislature is adopted at a statewide election and becomes effective.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 206 Original

2017 Regular Session

Carmody

**Abstract:** Establishes a program for the consideration and approval of exemption contracts for the ad valorem tax exemption for certain manufacturing establishments (ITEP).

Present constitution authorizes an ad valorem tax exemption for capital additions and expansions to manufacturing plants. The exemption is effectuated through a contract between the property owner and the state, as such contract is approved by the Board of Commerce and Industry and the governor.

Proposed law establishes a program for purposes of the ad valorem tax exemption authorized for the property of certain manufacturing establishments as provided for in the constitution, to be administered by the Board of Commerce and Industry (board).

Proposed law requires the board to establish eligibility requirements for applicants for the exemption, which requirements may include provisions concerning expectations for returns on investment for purposes of foregone ad valorem tax revenue.

Proposed law requires that the board review applications for the exemption and render its recommendation concerning each application, either to recommend or reject the application. If an application is recommended by the board, the board shall develop a proposed exemption contract to effectuate the exemption should it receive final approval.

Proposed law provides that applications that are recommended for approval by the board shall be submitted to the governing authority of the parish in which the applicant's property for which the exemption is sought is located, referred to in proposed law as "parish authority".

Proposed law provides that each application presented to a parish authority shall be either approved or denied, as evidenced by the adoption of a resolution, within 30 days of receipt of the application. Proposed exemption contracts may be revised as requested by the parish authority.

Proposed law requires that the parish authority furnish to the board a copy of any resolution it adopts to approve an exemption, as well as any requirements for revision of the proposed exemption contract. Upon receipt of a resolution and any exemption contract revisions, the board is required to prepare the final exemption contract along with a cooperative endeavor agreement to be executed by the state and the applicant, if the application receives final approval by the governor.

Proposed law authorizes rulemaking by the board for purposes of proposed law and specifies that for purposes of the Administrative Procedure Act, the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs shall serve as oversight committees.

Effective if and when the proposed amendment of Article VII, Section 21(F) of the Constitution of La. contained in the Act which originated as House Bill No. \_\_\_\_\_ of this 2017 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Adds R.S. 47:1713)