

2017 Regular Session

HOUSE BILL NO. 369

BY REPRESENTATIVE IVEY

TAX/AD VALOREM TAX: (Constitutional Amendment) Provides relative to the ad valorem tax exemption for new or existing manufacturing establishments

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A JOINT RESOLUTION

Proposing to amend Article VII, Section 21(F) of the Constitution of Louisiana, relative to ad valorem taxation; to provide with respect to the exemption from ad valorem taxation for certain manufacturing establishments; to authorize a parish governing authority to enter into contracts; to require a local taxing authority's approval of the contract; to authorize the legislature to provide for terms and conditions by law; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 21(F) of the Constitution of Louisiana, to read as follows:

§21. Other Property Exemptions

Section 21. In addition to the homestead exemption provided for in Section 20 of this Article, the following property and no other shall be exempt from ad valorem taxation:

\* \* \*

(F)(1) Notwithstanding any contrary provision of this Section, ~~the State Board of Commerce and Industry or its successor, with the approval of the governor,~~ a parish governing authority may enter into ~~contracts~~ a contract for the exemption

1 from ad valorem taxes of a new manufacturing establishment or an addition to an  
 2 existing manufacturing establishment, on such terms and conditions as the ~~board,~~  
 3 ~~with the approval of the governor, deems in the best interest of the state.~~ parish  
 4 governing authority deems in the best interest of the parish. However, each  
 5 individual taxing authority in a parish entering into an exemption contract shall  
 6 specifically authorize the exemption from the millage levied by the taxing authority  
 7 that is subject to exemption under the terms of the contract prior to the contract  
 8 becoming effective. Any millage exemption in an exemption contract that is not  
 9 authorized by the taxing authority levying the millage prior to entering into the  
 10 contract shall be null, void, and of no effect. The legislature may provide for specific  
 11 terms and conditions by law.

12 (2) The exemption shall be for an initial term of no more than five calendar  
 13 years, and may be renewed for an additional five years. All property exempted shall  
 14 be listed on the assessment rolls and submitted to the Louisiana Tax Commission or  
 15 its successor, but no taxes shall be collected thereon during the period of exemption.

16 (3) The terms "manufacturing establishment" and "addition" as used herein  
 17 mean a new plant or establishment or an addition or additions to any existing plant  
 18 or establishment which engages in the business of working raw materials into wares  
 19 suitable for use or which gives new shapes, qualities or combinations to matter which  
 20 already has gone through some artificial process.

21 \* \* \*

22 Section 2. Be it further resolved that this proposed amendment shall be submitted  
 23 to the electors of the state of Louisiana at the statewide election to be held on October 14,  
 24 2017.

25 Section 3. Be it further resolved that on the official ballot to be used at the election,  
 26 there shall be printed a proposition, upon which the electors of the state shall be permitted  
 27 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as  
 28 follows:

1 Do you support an amendment to change the authority for the granting of ad  
 2 valorem tax exemptions for manufacturing establishments from the state to  
 3 taxing authorities in the parish in which the property is located? (Amends  
 4 Article VII, Section 21(F))

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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 369 Original

2017 Regular Session

Ivey

**Abstract:** Removes authority of the State Board of Commerce and Industry to enter into contracts to grant ad valorem tax exemptions for new manufacturing establishments (ITEP) and gives this authority to parish governing authorities but requires each taxing authority that levies millage to approve the exemption.

Present constitution subjects certain classifications of property to ad valorem taxation. The rate of the tax varies with the classification of property. Further provides for exemptions from the tax.

Present constitution authorizes the State Board of Commerce and Industry to enter into ITEP contracts, on the terms and conditions of the board. Further requires approval of the contracts by the governor.

Proposed constitutional amendment changes authority to grant these exemptions from the State Board of Commerce and Industry to parish governing authorities to enter into ITEP contracts. Further requires a taxing authority to approve the exemption of its particular millage prior to execution of the exemption contract.

Proposed constitutional amendment authorizes the legislature to provide by law for specific terms and conditions relative to the exemption provided for in present constitution.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 14, 2017.

(Amends Const. Art. VII, §21(F))