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## DIGEST

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HB 475Original

2018 Regular Session

Ivey

**Abstract:** Requires the legislature to provide by law for a program governing the property tax exemption for certain property of a manufacturing establishment (ITEP), changes the limit on the term of the exemption from 10 years to 7 years, and removes specific provisions of present constitution granting authority for approval of the exemptions by the State Board of Commerce and Industry.

Present constitution authorizes a property tax exemption for new manufacturing establishments and miscellaneous additions to existing establishments for an initial term of five years, with a five year renewal, hereinafter (exemption). The exemption is effectuated through a contract granted by the Board of Commerce and Industry, with the approval of the governor.

Proposed constitutional amendment removes from present constitution specific authority for the approval of the exemptions by the State Board of Commerce and Industry but retains authority for gubernatorial approval.

Proposed constitutional amendment changes the limit on the term of the exemption from an initial five year term with a five year renewal to a term of seven years. Further, for a specific project, upon the recommendation of the governor, an exemption in excess of seven years may be granted if approved by a favorable vote of two-thirds of the members of a legislative committee.

Proposed constitutional amendment changes present constitution by requiring the legislature to provide by law for a program governing various aspects of the exemption, which may include additional eligibility requirements restricted to those that concern expectations for returns on investment for local governments. Any law establishing a procedure concerning the authority to approve an exemption, once enacted, shall not be changed except by specific legislative instrument which receives a favorable vote of 2/3rds of the elected members of each house of the legislature.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 6, 2018.

(Amends Art. VII, §21(F))