

2018 Regular Session

HOUSE BILL NO. 515

BY REPRESENTATIVE IVEY

TAX/AD VALOREM-MFG/EXEMP: Establishes a program for local administration of ad valorem tax exemptions for manufacturing establishments and additions

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 establish a committee in each parish
5 for the consideration and approval of applications; to provide for consideration,
6 approval, and granting of the exemption; to authorize rulemaking; to provide for
7 effectiveness; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

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

10 §1713. Exemption for certain property of manufacturing establishments

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

16 B. Eligibility and Application. The board shall establish eligibility
17 requirements for the exemption in accordance with the constitution that shall include
18 application requirements, and may include provisions concerning expectations for
19 returns on investment for purposes of foregone ad valorem tax revenue. Application
20 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) There shall be established within each parish a committee for the
7 consideration and approval of exemption applications for property within the parish
8 for which the board has recommended approval. It shall be known as the Exemption
9 Incentive Review Committee, hereinafter referred to as "committee", and shall be
10 comprised of both permanent and ad hoc members as provided in this Paragraph.

11 (a) The committee shall be comprised of the following elected and appointed
12 officials who shall constitute the permanent membership of the committee:

13 (i) The president of the parish government.

14 (ii) The assessor.

15 (iii) The sheriff.

16 (iv) The chairman of the school board.

17 (v) The secretary of the Department of Economic Development, or his
18 designee, who shall be an employee of the state in an appointed position.

19 (vi) The member of the Louisiana House of Representatives and the member
20 of the Louisiana Senate that represent the district in which the property for which the
21 exemption is sought is located, which membership shall alternate on an annual basis
22 between the member of the House of Representatives and the member of the Senate.
23 The member of the House of Representatives shall serve in odd-numbered years and
24 the member of the Senate shall serve in even-numbered years.

25 (b) The following elected officials shall serve as the ad hoc membership of
26 the committee, which members shall have all rights and powers of permanent
27 committee members when they are serving on the committee:

28 (i) If the location of the property for which the exemption is sought is within
29 a municipality, the mayor of the municipality.

1 (ii) If the property for which the exemption is sought is located in an
2 unincorporated area of the parish, the member of the Louisiana Legislature described
3 in Item (vi) of Subparagraph (a) of this Paragraph who is not at that time serving
4 their term as a permanent member of the committee.

5 (c) The permanent membership of the committee shall hold its first meeting
6 no later than February 1, 2019, to elect officers, establish rules and procedures, and
7 for any other purposes deemed necessary by its members. Once elected, officers of
8 the committee shall serve a term of one calendar year and may be reelected.

9 (d) Meetings of the committee shall be subject to the Louisiana Open
10 Meetings law.

11 (3) For any application recommended by the board for approval, the board
12 shall submit to the chairman of the committee for the parish in which the applicant's
13 property is located, the proposed exemption contract and all other materials and
14 information sufficient for the committee's consideration of the application.

15 (4) Committee review of the application shall include consideration of a
16 report prepared by the assessor which estimates the fiscal impact of the proposed ad
17 valorem tax exemption on all affected taxing authorities. A proposed exemption
18 contract shall be revised as may be required by the committee. Each application
19 presented to the committee shall be either approved or denied, as evidenced by the
20 adoption of a resolution, within thirty days of receipt of the application.

21 D. Final Approval. The committee shall furnish to the board a copy of any
22 resolution it adopts to approve an exemption, as well as any requirements for
23 revision of the proposed exemption contract. Upon receipt of a resolution and any
24 exemption contract revisions, the board shall prepare the final exemption contract
25 along with a cooperative endeavor agreement to be executed by the governor and the
26 applicant. Information concerning the exemption contracts in effect in each parish
27 shall be provided to the Louisiana Tax Commission as determined by the
28 commission.

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

6 Section 2. This Act shall take effect and become operative if and when the proposed
 7 amendment of Article VII, Section 21(F) of the Constitution of Louisiana contained in the
 8 Act which originated as House Bill No. ___ of this 2018 Regular Session of the Legislature
 9 is adopted at a statewide election and becomes effective.

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)]

HB 515 Original

2018 Regular Session

Ivey

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 Exemption Incentive Review Committee for the parish in which the applicant's property for which the exemption is sought is located, referred to in proposed law as "committee".

Proposed law establishes a committee in each parish, to be comprised of both permanent and ad hoc members.

Proposed law provides that the permanent membership of the committee shall be comprised of the following elected officials:

- (1) The president of the parish government.
- (2) The assessor.
- (3) The sheriff.
- (4) The chairman of the school board.
- (5) The secretary of the Dept. of Economic Development, or his designee, who shall be an employee of the state in an appointed position.
- (6) The member of the La. House of Representatives and the member of the La. Senate that represent the district in which the property for which the exemption is sought is located, which membership shall alternate on an annual basis between the member of the House of Representatives and the member of the Senate. The member of the House of Representatives shall serve in odd-numbered years and the member of the Senate shall serve in even-numbered years.

Proposed law provides that the following elected officials shall serve as the ad hoc membership of the committee, which members shall have all rights and powers of permanent committee members when they are serving on the committee:

- (1) If the location of the property for which the exemption is sought is within a municipality, the mayor of the municipality.
- (2) If the property for which the exemption is sought is located in an unincorporated area of the parish, the member of the La. Legislature who is a permanent member of the committee and who is not currently serving their term as a permanent member shall serve as an ad hoc member of the committee for purposes of consideration of the application for an exemption for that property.

Proposed law requires that the permanent membership of the committee hold its first meeting no later than Feb. 1, 2019, to elect officers, establish rules and procedures, and for any other purposes deemed necessary by its members. Once elected, officers of the committee shall serve a term of one calendar year and may be reelected.

Proposed law requires that each application presented to a committee 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 required by the committee.

Proposed law requires that committee review of an application include consideration of a report prepared by the assessor which estimates the fiscal impact of the proposed ad valorem tax exemption on all affected taxing authorities.

Proposed law requires that the committee 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 governor and the applicant.

Proposed law requires that information concerning exemption contracts be provided to the La. Tax Commission as determined by the commission.

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 Regular Session of 2018 of the Legislature is adopted at a statewide election and becomes effective.

(Adds R.S. 47:1713)