2020 Regular Session

HOUSE BILL NO. 527

BY REPRESENTATIVE IVEY

TAX/AD VALOREM TAX: (Constitutional Amendment) To provide for ad valorem tax exemptions for certain property

1	A JOINT RESOLUTION
2	Proposing to amend and reenact Article VII, Section 21(F) of the Constitution of Louisiana
3	and to add Article VII, Section 21(O) of the Constitution of Louisiana, relative to ad
4	valorem property tax exemptions; to establish ad valorem tax exemptions for certain
5	property; to establish exemptions for certain capital investment projects; to provide
6	for the terms of exemptions; to provide for the amount of the exemptions; to provide
7	authorization for approval of the exemptions; to authorize the administration of the
8	exemptions; to provide for review by the Board of Commerce and Industry; to
9	provide for approval from political subdivisions; to provide for gubernatorial
10	approval; to authorize an exemption for certain non-residential property subject to
11	a cooperative endeavor agreement requiring payments in lieu of taxes; to provide for
12	certain requirements and limitations; to provide for effectiveness; to provide for
13	submission of the proposed amendment to the electors; and to provide for related
14	matters.
15	Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members
16	elected to each house concurring, that there shall be submitted to the electors of the state of
17	Louisiana, for their approval or rejection in the manner provided by law, a proposal to
18	amend Article VII, Section 21(F) of the Constitution of Louisiana and to add Article VII,
19	Section 21(O) of the Constitution of Louisiana, to read as follows:

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	§21. Other Property Exemptions
2	Section 21. In addition to the homestead exemption provided for in Section
3	20 of this Article, the following property and no other shall be exempt from ad
4	valorem taxation:
5	* * *
6	(F) Notwithstanding any contrary provision of this Section, the State Board
7	of Commerce and Industry or its successor, with the approval of the governor, may
8	enter into contracts for the there is hereby authorized a standard, local, and executive
9	exemption from ad valorem taxes of a new manufacturing establishment or an
10	addition to an existing manufacturing establishment, on such terms and conditions
11	as the board, with the approval of the governor, deems in the best interest of the
12	state. for capital investment projects as follows:
13	(1) The <u>standard</u> exemption shall be for an initial <u>a</u> term of no more than five
14	eight calendar years; and may be renewed for an additional five years shall provide
15	for an ad valorem tax exemption of eighty percent of the property taxes of the capital
16	investment project. The granting of a standard exemption shall be reviewed by the
17	Board of Commerce and Industry, or its successor as provided by law, and no
18	additional approval is required for the granting of this exemption. Enactment of any
19	law to administer this exemption shall require a favorable vote of two-thirds of the
20	elected members of each house of the legislature.
21	(2) The local exemption shall be for a term of no more than fifteen years and
22	may provide for an ad valorem tax exemption of up to one hundred percent of the
23	property taxes of the capital investment project. The granting of a local exemption
24	shall require the approval of each political subdivision in whose district the project
25	is to be located. Enactment of any law to administer this exemption shall require a
26	favorable vote of two-thirds of the elected members of each house of the legislature.
27	(3) The executive exemption shall be for a term determined by the governor (3)
28	and may provide for an ad valorem tax exemption of up to one hundred percent of
29	the property taxes of the capital investment project. The granting of an executive

1	exemption shall require approval from the governor. Enactment of any law to
2	administer this exemption shall require a favorable vote of two-thirds of the elected
3	members of each house of the legislature.
4	(4) All property exempted shall be listed on the assessment rolls and
5	submitted to the Louisiana Tax Commission or its successor, but no taxes shall be
6	collected thereon during the period of exemption.
7	The terms "manufacturing establishment" and "addition" as used herein mean
8	a new plant or establishment or an addition or additions to any existing plant or
9	establishment which engages in the business of working raw materials into wares
10	suitable for use or which gives new shapes, qualities or combinations to matter which
11	already has gone through some artificial process.
12	* * *
13	(O) Non-residential property subject to a cooperative endeavor agreement,
14	as provided by law and this constitution, between the owner and one or more taxing
15	authorities which agreement requires the property owner to make payments in lieu
16	of taxes. Non-residential property eligible for this exemption shall be established by
17	law.
18	(1) The exemption authorized under this Paragraph shall be to the extent
19	agreed to and provided for in the cooperative endeavor agreement. All property
20	made part of the cooperative endeavor agreement shall be listed on the assessment
21	rolls and submitted to the Louisiana Tax Commission.
22	(2) Enactment of any law to implement this Paragraph and any amendment
23	to that law shall require a two-thirds vote of the elected members of each house of
24	the legislature.
25	Section 2. Be it further resolved that the provisions of the amendment contained in
26	this Joint Resolution shall become effective on January 1, 2021.
27	Section 3. Be it further resolved that this proposed amendment shall be submitted
28	to the electors of the state of Louisiana at the statewide election to be held on November 3,
29	2020.

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Section 4. Be it further resolved that on the official ballot to be used at the election,
there shall be printed a proposition, upon which the electors of the state shall be permitted
to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
follows:

5	Do you support an amendment to authorize ad valorem property tax
6	exemptions for certain capital investment projects, to provide for the
7	approval, terms, and amounts of the exemptions, and to authorize the
8	legislature to provide for the administration of the exemptions by law and
9	to authorize a property tax exemption for non-residential property subject to
10	a cooperative endeavor agreement with local taxing authorities allowing the
11	property owner to make payments in place of property taxes and to require
12	a two-thirds vote of the legislature to enact laws related to the exemptions?
13	(Effective January 1, 2021) (Amends Article VII, Section 21(F); Adds
14	Article VII, Section 21(O))

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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Abstract: Establishes a standard, local, and executive ad valorem property tax exemption for capital investment projects and establishes an ad valorem tax exemption for nonresidential property subject to a cooperative endeavor agreement requiring payment in lieu of taxes.

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

<u>Proposed constitutional amendment</u> authorizes three ad valorem property tax exemptions for capital investment projects as follows:

- (1) A standard exemption for a term of eight calendar years for 80% of its property taxes. The exemption is subject to review by the Board of Commerce and Industry. No additional approval is required.
- (2) A local exemption for a term of no more than 15 calendar years for up to 100% of its property taxes. This exemption requires the approval of local taxing authorities as provided by law.

(3) An executive exemption for a term determined by the governor for up to 100% of its property taxes. This exemption requires approval of the governor.

<u>Proposed constitutional amendment</u> also requires that any law enacted to administer any of the new exemptions requires a favorable vote of two-thirds of the elected members of each house of the legislature.

<u>Proposed constitutional amendment</u> retains present constitution requirement related to listing property on tax assessment rolls and deletes various definitions.

<u>Present constitution</u> authorizes the imposition of ad valorem property taxes by local governments, school boards, and other special districts.

<u>Present constitution</u> establishes an exclusive list of ad valorem tax exemptions.

<u>Proposed constitutional amendment</u> retains <u>present constitution</u> but adds an exemption for non-residential property subject to a cooperative endeavor agreement requiring the property owner to make payments in lieu of the ad valorem taxes imposed by a taxing authority party to the agreement. The extent of the exemption shall be as provided for in the agreement.

<u>Proposed constitutional amendment</u> provides the specific property eligible for this exemption shall be established in law.

<u>Proposed constitutional amendment</u> requires that any law enacted to implement this payment in lieu of taxes program will require a two-thirds vote of both houses of the legislature.

<u>Proposed constitutional amendment</u> requires that exempt properties be listed on the assessment rolls and that information concerning those properties be submitted to the La. Tax Commission.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 3, 2020.

Effective Jan. 1, 2021

(Amends Const. Art. VII, §21(F); Adds Const. Art. VII, §21(O))