

2022 Regular Session

SENATE BILL NO. 151

BY SENATOR POPE

TAX/AD VALOREM. Constitutional amendment to provide for local governmental input in the Industrial Tax Exemption Program. (2/3 - CA13s1(A))

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A JOINT RESOLUTION

Proposing to amend Article VII, Section 21(F) of the Constitution of Louisiana, relative to ad valorem tax exemptions for manufacturing establishments approved by the State Board of Commerce and Industry; to provide requirements for certain exemptions involving input from local governmental entities; and to specify an election for submission of the proposition to electors; and to provide a ballot proposition.

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, 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)(a)** Notwithstanding any contrary provision of this Section, the State Board of Commerce and Industry or its successor, with the approval of the governor,

1 may enter into contracts for the exemption from ad valorem taxes of a new
2 manufacturing establishment or an addition to an existing manufacturing
3 establishment, on such terms and conditions as the board, with the approval of the
4 governor, deems in the best interest of the state.

5 **(b) No initial contract entered into pursuant to this Paragraph shall**
6 **exceed a term of five years. A manufacturing establishment shall be eligible for**
7 **a renewal only if it has met all the terms and conditions of the initial contract.**
8 **No renewal granted shall exceed a term of five years.**

9 **(2)(a) No exemption or renewal shall be granted without the approval of**
10 **the parish governing authority, school board, sheriff, and if applicable, the**
11 **municipal government wherein the exemption is sought. The approval or denial**
12 **by a tax recipient body of an exemption or renewal shall only be effective**
13 **against that portion of the millage attributable to that body.**

14 **(b) No exemption shall exceed eighty percent of the ad valorem taxes that**
15 **otherwise would be owed to each tax recipient body approving the exemption**
16 **or renewal.**

17 **(c) No exemption shall be granted for miscellaneous capital additions,**
18 **maintenance capital, required environmental upgrades, or new replacements**
19 **for existing machinery.**

20 **(d) No exemption shall be granted for a project unless the project results**
21 **in the creation of net new permanent direct jobs or is required to retain the**
22 **existing number of direct permanent jobs.**

23 **(e) No contract for exemption shall be granted without a formal written**
24 **analysis by the State Board of Commerce and Industry of the costs and benefits**
25 **of the exemption to the public.**

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

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

6 **(b) The term "maintenance capital" shall mean capital expenditures at**
 7 **a manufacturing establishment that do not bring about a net increase in the**
 8 **establishment's property value after depreciation.**

9 Section 2. Be it further resolved that this proposed amendment shall be submitted to
 10 the electors of the state of Louisiana at the statewide election to be held on
 11 November 8, 2022.

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

16 Do you support an amendment to prohibit exempting industrial
 17 manufacturers from local property taxes unless the exemption results in job
 18 creation or retention and is approved by the local sheriff, and any school
 19 board, parish, or municipal government that would be affected by the
 20 exemption?

21 (Amends Article VII, Section 21(F))

The original instrument was prepared by Thomas L. Tyler. The following digest, which does not constitute a part of the legislative instrument, was prepared by Curry J. Lann.

SB 151 Engrossed

DIGEST
2022 Regular Session

Pope

Present constitution authorizes the State Board of Commerce and Industry, with the governor's approval, to execute contracts for exemption from ad valorem taxes of a new manufacturing establishment or an addition to an existing manufacturing establishment, on such terms and conditions as the board, with the governor's approval, deems in the best interest of the state.

Proposed constitutional amendment adds the following restrictions to exemptions authorized under present constitution:

- (1) No initial contract entered shall exceed a term of five years. A manufacturing establishment is only eligible for a renewal if it has met all the terms and conditions of the initial contract and the renewal shall not exceed a term of five years.
- (2) Prohibits granting an exemption or renewal without the approval of the local sheriff, the parish governing authority, school board, and if applicable, the municipal government where the exemption is sought. Any approval or denial by a tax recipient body of an exemption or renewal is effective against that portion of the millage attributable to that body.
- (3) Provides that the exemption shall not exceed eighty percent of the ad valorem taxes that otherwise would be owed to each tax recipient body approving the exemption or renewal.
- (4) Prohibits exemptions for miscellaneous capital additions, maintenance capital, required environmental upgrades, or new replacements for existing machinery.
- (5) Prohibits exemptions for a project unless the project results in the creation of net new permanent direct jobs or is required to retain the existing number of direct permanent jobs.
- (6) Provides that no contract for an exemption be granted unless accompanied by a formal written analysis by the State Board of Commerce and Industry of the costs and benefits of the exemption to the public.
- (7) Defines the term "maintenance capital" to mean capital expenditures at a manufacturing establishment that do not bring about a net increase in the establishment's property value after depreciation.

Specifies submission of the amendment to the voters at the statewide election to be held on November 8, 2022.

(Amends Const. Art. VII, Sec. 21(F))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Authorizes exemptions for a project that results in the creation of net new permanent direct jobs or retains the existing number of direct permanent jobs.
2. Provides for technical changes.