

2023 Regular Session

HOUSE BILL NO. 371

BY REPRESENTATIVE IVEY

TAX/AD VALOREM-EXEMPTION: To establish the La. Economic Advancement Plan (LEAP) which provides for ad valorem tax exemptions for certain capital investment projects

1 AN ACT

2 To enact Parts I through IV of Chapter 1-A of Subtitle III of Title 47 of the Louisiana

3 Revised Statutes of 1950, to be comprised of R.S. 47:1721 through 1731, relative to

4 ad valorem tax; to provide for exemptions from ad valorem property taxes for certain

5 capital investment project property; to establish requirements for eligibility; to

6 provide for standard, local, and executive ad valorem tax exemptions; to provide for

7 cooperative endeavor agreements; to provide for exemption applications; to provide

8 for the terms and values of exemptions; to provide for definitions; to provide for

9 local authority approval; to provide for gubernatorial approval; to provide for the

10 consideration, approval, and granting of the exemption; to provide for a statement

11 of purpose; to provide for oversight; to provide for a withdrawal process; to provide

12 for reporting; to provide for effectiveness; and to provide for related matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. Parts I through IV of Chapter 1-A of Subtitle III of Title 47 of the

15 Louisiana Revised Statutes of 1950, comprised of R.S. 47:1721 through 1731, are hereby

16 enacted to read as follows:

1 CHAPTER 1-A. THE LOUISIANA ECONOMIC ADVANCEMENT PLAN

2 PART I. GENERAL PROVISIONS

3 §1721. Statement of purpose

4 The Louisiana Economic Advancement Plan, hereinafter referred to in this
5 Chapter as "LEAP", is hereby established as an economic development tool that local
6 governments and their constituencies may use to attract capital investments from
7 industry sectors they deem compatible and advantageous to the community. LEAP
8 partners qualifying businesses desiring to make capital investments with
9 participating local governmental authorities willing to grant ad valorem property tax
10 exemptions for capital improvements. The goal of LEAP is to create tailored
11 industry and sector based ad valorem property tax exemption programs that
12 encourage capital investments by qualifying businesses in communities and allows
13 local governmental authorities to determine their participation in the programs in the
14 form of granting ad valorem property tax exemptions for capital investments.

15 §1722. Definitions

16 For purposes of this Chapter, the following words shall have the following
17 meanings:

18 (1) "Board" means the Board of Commerce and Industry.

19 (2) "Department" means the Department of Economic Development.

20 (3) "Local authority" means the school board, parish governing authority,
21 any incorporated municipality in which the project is located, the sheriff, and the law
22 enforcement district under the jurisdiction of the sheriff.

23 (4) "Parish authority" means the school board, the sheriff, and the parish
24 governing authority.

25 §1723. Oversight

26 The department shall promulgate rules and regulations in accordance with the
27 Administrative Procedure Act as are necessary for the effective administration of
28 LEAP. These rules shall be subject to oversight by the House Committee on Ways
29 and Means and the Senate Committee on Revenue and Fiscal Affairs.

1 PART II. PROGRAM ENROLLMENT2 §1724. Authorization

3 In accordance with Article VII, Section 21(O) of the Constitution of
4 Louisiana, the Legislature is authorized to create and establish ad valorem tax
5 exemption programs permitting standard, local, and executive tax exemptions.

6 §1725. Notification

7 The department shall notify parish authorities within ten days of the creation
8 or modification of any program. The notification shall provide program details,
9 enrollment deadlines, resolution requirements, and forms to indicate exemption
10 requirements and limitations.

11 §1726. Enrollment; exclusion

12 A. A parish shall be enrolled in a program upon the approval of all parish
13 authorities located within the applicable parish boundaries, evidenced by submitting
14 a resolution of approval to the department.

15 B. A parish shall be excluded from a program upon disapproval by any
16 parish authority located within the applicable parish boundaries, evidenced by
17 submitting a resolution of disapproval to the department. If a parish authority does
18 not notify the department of disapproval within sixty days of the effective date of the
19 program, the parish shall be automatically enrolled in the program.

20 C. Any parish authority that has submitted a resolution of disapproval to the
21 department may later approve participation in the program by submitting a resolution
22 to the department rescinding the previous resolution of disapproval.

23 D. Except as provided in R.S. 47:1727, enrollment in a program shall be
24 continuous.

25 §1727. Terms of withdrawal

26 A. A parish may withdraw from a program within five years of enrollment.
27 To withdraw from a program all parish authorities shall submit a resolution to the
28 department stating such. Any resolution to withdraw from a program shall be

1 effective ninety days following the receipt of the resolution to withdraw by the
2 department.

3 B. Notwithstanding the provisions of Subsection A of this Section, if the
4 legislature passes any law substantively changing a program, a parish may withdraw
5 from that program and shall evidence the withdrawal by a resolution to the
6 department. Any resolution submitted to the department pursuant to this Subsection
7 shall be submitted no later than sixty days after the effective date of the applicable
8 legislation.

9 PART III. EXEMPTIONS AND PROCEDURES

10 §1728. Capital investment project exemption

11 A. Exemptions. In accordance with Article VII, Section 21(O) of the
12 Constitution of Louisiana, there are hereby established standard, local, and executive
13 ad valorem tax exemptions for capital investment projects.

14 B. Standard exemption. (1) Procedure. The department shall establish an
15 application procedure for the standard exemption in accordance with the constitution.

16 (2) Board Review. The board shall review all standard exemption
17 applications in a timely manner and confirm program eligibility for each application.

18 (3) Board Approval. Within ten days of confirmation of program eligibility
19 the board, with the assistance of the department, shall provide the applicant and local
20 authorities with a copy of the conditional approval.

21 (4) Local Review. In addition to the conditional approval of the exemption
22 as provided in Paragraph (3) of this Subsection, the department shall provide each
23 local authority with an analysis of the project applying for the exemption. Each local
24 authority shall review the application and conditional approval in conjunction with
25 the department's analysis and issue a resolution or letter, in the case of a sheriff,
26 approving or rejecting the exemption within sixty days of receipt of the application
27 and conditional approval. In reviewing the application, a local authority may hold
28 a public meeting for the purpose of receiving public input.

1 (5) Final approval. Each local authority shall provide the department with
2 a copy of its resolution or letter approving or rejecting the exemption.

3 C. Local exemption. (1) Eligibility. No applicant shall be eligible for the
4 local exemption until the applicant has received final approval by the department for
5 a standard exemption. Each parish shall establish additional eligibility requirements
6 for the local exemption in accordance with Article VII, Section 21(F) of the
7 Constitution of Louisiana. The application for the local exemption shall be an
8 addendum to the standard exemption application. The local exemption addendum
9 shall be on forms designed and prescribed by the department and shall include all
10 additional parish requirements, the proposed exemption term, and the proposed
11 exemption amount.

12 (2) Review. The department shall forward a copy of the local exemption
13 application within three days of receipt to each impacted local authority that levies
14 a millage and in whose jurisdiction the project will be located. The department shall
15 provide each local authority with an analysis of the project applying for the local
16 exemption. Each local authority shall review the application in conjunction with the
17 department's analysis and issue a resolution or letter, in the case of a sheriff,
18 approving or rejecting the exemption within sixty days of receipt of the application
19 from the department. In reviewing the local application, a local authority may hold
20 a public meeting for the purpose of receiving public input.

21 (3) Cooperative endeavor agreement. Upon the local authority's approval of
22 the local exemption, the local authority and the applicant, with the assistance of the
23 department, shall enter into a cooperative endeavor agreement evidencing the
24 exemption. The cooperative endeavor agreement shall provide for an ad valorem tax
25 exemption of up to one hundred percent of the property tax and for a term of not
26 more than fifteen years.

27 (4) Final approval. The local authority shall provide the department with a
28 copy of the final cooperative endeavor agreement and a copy of all resolutions or
29 letters approving the local exemption.

1 D. Executive exemption. (1) Eligibility and Application. The governor may
2 provide an executive exemption for capital investment projects in accordance with
3 Article VII, Section 21(O) of the Constitution of Louisiana.

4 (2) Invitation and offer. The governor may offer any entity an executive
5 exemption from ad valorem property taxes. The exemption may be for up to one
6 hundred percent of the property taxes for a specific term decided at the governor's
7 discretion. The executive exemption shall be evidenced by a gubernatorial executive
8 order providing the terms and conditions of the exemption. The board shall require
9 local approval prior to the governor granting the executive exemption. No later than
10 thirty-five days prior to the issuance of any gubernatorial executive order providing
11 an exemption, the governor shall provide all applicable local authorities a draft of the
12 executive order. Local authorities shall have a thirty-day period, beginning the day
13 the draft executive order is received, to reject the proposed exemption. A rejection
14 by any local authority shall be evidenced by resolution or if the rejection is from the
15 sheriff, by letter. If a local authority does not provide notice of rejection within the
16 thirty-day notice period, the exemption will be deemed approved by the local
17 authority.

18 §1729. Reporting

19 Within thirty days after the submittal of an application for an exemption
20 pursuant to this Chapter, the department shall produce a cost-benefit analysis for the
21 project that identifies the projected state and local fiscal impact of the project. The
22 analysis shall include information related to employment, state and local revenues,
23 state and local infrastructure requirements, and the effect of using state and local
24 public services. The employment-related analysis shall include information on the
25 project construction employment, project permanent employment, and project
26 indirect employment. All non-coincidental and non-proprietary data used in the
27 analysis shall be made available to the public by the department upon written
28 request.

1 PART IV. INDUSTRY PROGRAMS AND PROCEDURES

2 §1730. Industry programs and procedures

3 For purposes of the Louisiana Economic Investment Plan established in this
4 Chapter, the following industry programs comprise the capital investment program:

5 A. Technology. The technology sector shall include but is not limited to data
6 centers and laboratories.

7 B. Telecommunication. The telecommunication sector shall include but is
8 not limited to entities providing or assisting in providing rural broadband services.

9 C. Healthcare. For the purposes of the program established in this Chapter,
10 the healthcare sector shall include but is not limited to hospitals and clinics.

11 D. Logistic, warehouse, and distribution. The logistic, warehouse, and
12 distribution sector shall include but is not limited to entities participating in
13 warehouse storage and distribution.

14 §1731. Recordkeeping

15 The department shall maintain an interactive map on its website identifying
16 available exemptions by parish, industry sector, and program.

17 Section 2. This Act shall take effect and become operative if and when the proposed
18 amendment of Article VII of the Constitution of Louisiana contained in the Act which
19 originated as House Bill No. ____ of this 2023 Regular Session of the Legislature is adopted
20 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 371 Original

2023 Regular Session

Ivey

Abstract: Establishes the La. Economic Advancement Plan which provides for the consideration and approval of standard, local, and executive capital investment project ad valorem tax exemptions.

Present constitution provides for the exclusive list of ad valorem tax exemptions.

Proposed law establishes the La. Economic Advancement Plan (LEAP) to exempt certain businesses in qualifying industry sectors from ad valorem property taxes.

Proposed law requires the Dept. of Economic Development (DED) to adopt and promulgate rules to administer LEAP in compliance with proposed law.

Proposed law establishes a notification process that requires DED to notify parish authorities within 10 days of the creation or modification of a program. The notification shall include program details, deadlines, language for resolutions, and forms to indicate exemption requirements and limitations.

Proposed law establishes an enrollment process for the program. A parish can enroll in a program upon the approval of all parish authorities evidenced by a resolution submitted to DED.

Proposed law provides that if a parish disapproves participation in a program, it shall submit a resolution to DED stating such; however, if a parish authority does not notify DED of disapproval within 60 days of the effective date of the program, the parish will automatically be enrolled in the program.

Proposed law authorizes a parish to change disapproval to approval by rescinding the disapproval resolution.

Proposed law authorizes a parish to withdraw from a program within five years following enrollment. Proposed law further provides a parish can withdraw if all parish authorities submit a resolution stating such. The withdrawal is effective 90 days following the DED's receipt of the resolution.

Proposed law provides that if the legislature passes a law that substantively changes a program, a parish may withdraw from the program by resolution stating such. The resolution must be submitted no later than 60 days after the effective date of the applicable legislation.

Proposed law identifies businesses that constitute the technology, telecommunication, healthcare, logistic, warehouse, and distribution sectors for the purposes of the program.

Proposed law creates a standard ad valorem tax exemption for capital investment projects.

Proposed law requires DED to establish an application procedure for the standard exemption in accordance with the constitution. Proposed law further provides that the Board of Commerce and Industry shall review a standard ad valorem tax exemption in a timely manner and confirm program eligibility for each application. Within 10 days of confirmation, the board shall provide the applicant and local authorities with a copy of the conditional approval.

Proposed law creates a local ad valorem tax exemption for capital investment projects.

Proposed law establishes an application for a local ad valorem tax exemption and requires DED to design and provide the application forms.

Proposed law requires DED to forward a copy of an application to each impacted local authority that levies a millage and in whose district the project will be located. Further requires DED to provide the local governing authority and all relevant political subdivisions with an analysis of every proposed project requesting an exemption in the parish.

Proposed law requires a local authority within 60 days of receipt to review each project application in conjunction with DED's analysis and issue a resolution or a letter, in the case of a sheriff, approving or rejecting the application. During this time, local authorities may hold public meetings to receive public input.

Proposed law provides that if the local authority approves the application, the local authority and the applicant, with the assistance of DED, shall enter into a cooperative endeavor agreement evidencing the exemption.

Proposed law requires the local authority to provide the board with a copy of the cooperative endeavor agreement and a copy of any resolution or letter approving the exemption.

Proposed law creates an executive ad valorem tax exemption for capital investment projects.

Proposed law provides that the governor may offer any entity an executive exemption. The exemption may be for up to 100% of the property taxes of the project and for a specific term to be decided by the governor.

Proposed law requires local approval prior to the execution of the executive order providing for an exemption. A local authority must evidence rejection of the exemption within 30 days of receipt or the exemption will be deemed approved.

Proposed law requires the executive exemption to be evidenced by a gubernatorial executive order providing the terms and conditions of the exemption.

Proposed law requires DED to produce a cost-benefit analysis for the project that specifically identifies the projected state and local fiscal impact, information related to employment, state and local revenues, state and local infrastructure requirements, and the effect of using state and local public services.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. ____ of this 2023 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Adds R.S. 47:1721-1731)