

1 resulting from additional types and portions of value of properties becoming subject
2 to ad valorem taxation; to provide for an ad valorem tax exemption for certain items
3 constituting business inventory; to provide relative to eligibility of certain entities for
4 capital outlay funding; to provide relative to the Revenue Sharing Fund; to provide
5 relative to the Minimum Foundation Program; to provide for definitions; to provide
6 for effectiveness; to provide for certain requirements and limitations; to provide for
7 submission of the proposed amendment to the electors; and to provide for related
8 matters.

9 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members
10 elected to each house concurring, that there shall be submitted to the electors of the state of
11 Louisiana, for their approval or rejection in the manner provided by law, a proposal to
12 amend Article VI, Sections 26(A) through (C), 27, and 29 of the Constitution of Louisiana
13 and to add Article VI, Section 26.1 of the Constitution of Louisiana, to read as follows:

14 §26. Parish Ad Valorem Tax

15 Section 26.(A) Parish Tax for General Purposes; Millage Limits; Increase.
16 The governing authority of a parish may levy annually an ad valorem tax for general
17 purposes not to exceed four eight mills on the dollar of assessed valuation. ~~However,~~
18 ~~in Orleans Parish the limitation shall be seven mills, and in Jackson Parish the~~
19 ~~limitation shall be five mills.~~ Millage rates may be increased ~~in any parish when~~
20 ~~approved by a majority of the electors voting thereon in an election held for that~~
21 ~~purpose~~ for general purposes up to the amount provided for in this Paragraph without
22 approval of the electors.

23 (B) Millage Increase Not for General Purposes. ~~When the millage increase~~
24 ~~is for other than general purposes, the proposition~~ Millage rates may be increased in
25 any parish for purposes other than general purposes when approved by a majority of
26 the electors voting in an election held for that purpose. ~~The proposition provided to~~
27 ~~electors for the purpose of increasing a millage pursuant to this Paragraph~~ shall state
28 the specific purpose or purposes for which the tax is to be levied and the length of
29 time the tax is to remain in effect. All proceeds of the tax levied pursuant to this

1 Paragraph shall be used solely for the purpose or purposes set forth in the
2 proposition.

3 (C) Parish Tax in Municipality. The amount of the parish tax for general
4 purposes which any parish, ~~except Orleans Parish,~~ may levy, without a vote of the
5 electors, on property located wholly within any municipality which has a population
6 exceeding one thousand inhabitants according to the last federal decennial census,
7 or other census authorized by law, and which provides and maintains a system of
8 street paving, shall not exceed one-half the tax levy for general purposes.

9 * * *

10 §26.1. Local Responsibility for Uncompensated Healthcare Costs

11 Section 26.1.(A) Responsibility for uncompensated care provided by a
12 hospital shall be borne by the governing authority of the parish in which the hospital
13 that delivered the care is physically located. The governing authority of each parish
14 may levy annually an ad valorem tax for the purposes of paying the cost provided in
15 this Section. Nothing in this Section shall be construed to require the governing
16 authority to cover the full cost of the care. The initial levy of the ad valorem tax
17 authorized pursuant to this Section shall equal an amount sufficient to provide the
18 same level of uncompensated care funding as the hospitals in the parish received in
19 the last full fiscal year immediately prior to the effective date of this Section. The
20 millage rate may be modified once the initial levy expires, and any renewal of the
21 levy shall require approval by a majority of the electors in the parish voting in an
22 election held for that purpose.

23 (B) For purposes of this Section, "uncompensated care" shall mean the
24 difference between the amount billed by a hospital for services rendered to a patient
25 and the amount of payment received, if any.

26 §27. Municipal Ad Valorem Tax

27 Section 27.(A) Municipal Tax for General Purposes; Millage Limits;
28 Increase. The governing authority of a municipality may levy annually an ad
29 valorem tax for general purposes not to exceed ~~seven~~ fourteen mills on the dollar of

1 (B) ~~Additional Sales Tax Authorized.~~ However, the legislature, by general
2 or by local or special law, may authorize the imposition of additional sales and use
3 taxes by local governmental subdivisions or school boards, if approved by a majority
4 of the electors voting thereon in an election held for that purpose.

5 (⊖) Bonds; Security. Nothing in this Section shall affect any sales or use tax
6 authorized or imposed on the effective date of this constitution or prior to an
7 amendment to this Section, or affect or impair the security of any bonds payable
8 from the proceeds of the tax.

9 (⊕) (C) Exemptions; Protection of Bonds. Except when bonds secured
10 thereby have been authorized, the legislature may provide for the exemption or
11 exclusion of any goods, tangible personal property, or services from sales or use
12 taxes only pursuant to one of the following:

13 (1) Exemptions or exclusions uniformly applicable to the taxes of all local
14 governmental subdivisions, school boards, and other political subdivisions whose
15 boundaries are not coterminous with those of the state.

16 (2) Exemptions or exclusions applicable to the taxes of the state or
17 applicable to political subdivisions whose boundaries are coterminous with those of
18 the state, or both.

19 (3) Exemptions or exclusions uniformly applicable to the taxes of all the tax
20 authorities in the state.

21 Section 2. Be it resolved by the Legislature of Louisiana, two-thirds of the members
22 elected to each house concurring, that there shall be submitted to the electors of the state of
23 Louisiana, for their approval or rejection in the manner provided by law, a proposal to
24 amend Article VII, Sections 4(A), 18(C) and (F)(1), 20(A)(1), 21(B) and (F), and 26(B) of
25 the Constitution of Louisiana and to add Article VII, Sections 21(O), 23.1, and 26(F) of the
26 Constitution of Louisiana, to read as follows:

27 §4. Income Tax; Severance Tax; Political Subdivisions

28 Section 4.(A) Income Tax. ~~Equal and uniform taxes may be levied on net~~
29 ~~incomes, and these taxes may be graduated according to the amount of net income.~~

1 provided in Subsubparagraph (b) of this Subparagraph, the extent of the exemption
2 shall be as follows:

3 (i) Beginning January 1, 2024, to the extent of six thousand one hundred
4 twenty-five dollars of the assessed valuation.

5 (ii) Beginning January 1, 2025, to the extent of four thousand seven hundred
6 fifty dollars of the assessed valuation.

7 (iii) Beginning January 1, 2026, to the extent of three thousand three hundred
8 seventy-five dollars of the assessed valuation.

9 (iv) Beginning January 1, 2027, to the extent of two thousand dollars of the
10 assessed valuation.

11 (b) Any person who was entitled to and was granted the special assessment
12 level set forth in Section 18(G) of this Article prior to January 1, 2024, shall be
13 exempt from state, parish, and special ad valorem taxes to the extent of seven
14 thousand five hundred dollars of the assessed valuation. Any such person shall
15 remain entitled to the seven thousand five hundred dollar exemption if he remains
16 qualified for and receives the special assessment level set forth in Paragraph (G) of
17 Section 18 of this Article.

18 (c) The same homestead exemption shall also fully apply to the primary
19 residence, including a mobile home, which serves as a bona fide home and which is
20 owned and occupied by any person or persons owning the property in indivision,
21 regardless of whether the homeowner owns the land upon which the home or mobile
22 home is sited; however, this homestead exemption shall not apply to the land upon
23 which such primary residence is sited if the homeowner does not own the land.

24 * * *

25 §21. Other Property Exemptions

26 Section 21. In addition to the homestead exemption provided for in Section
27 20 of this Article, the following property and no other shall be exempt from ad
28 valorem taxation:

29 * * *

1 (B)(1)(a)(i) ~~Property owned by a nonprofit corporation or association~~
2 ~~organized and operated~~ that is used exclusively for religious, ~~dedicated places of~~
3 ~~burial, charitable, health, welfare, fraternal~~ cultural, or educational purposes;. The
4 property shall be owned by a nonprofit corporation or association, no part of the net
5 earnings of which inure to the benefit of any private shareholder or member thereof
6 and which is declared to be exempt from federal or state income tax; ~~and.~~ The
7 legislature may provide for additional restrictions on the conditional eligibility for
8 the exemption provided for in this Paragraph; however, the legislature may not
9 provide for any property tax exemptions in addition to those provided in this Section.
10 Exemptions shall not be defined in a way that results in the exemption of a single
11 entity from ad valorem property tax.

12 ~~(ii) medical equipment leased for a term exceeding five years to such a~~
13 ~~nonprofit corporation or association which owns or operates a small, rural hospital~~
14 ~~and which uses the equipment solely for health care purposes at the hospital,~~
15 ~~provided that the property shall be exempt only during the term of the lease to such~~
16 ~~corporation or association, and further provided that "small, rural hospital" shall~~
17 ~~mean a hospital which meets all of the following criteria:~~

18 ~~(aa) It has less than fifty Medicare-licensed acute care beds.~~

19 ~~(bb) It is located in a municipality with a population of less than ten~~
20 ~~thousand which has been classified as an area with a shortage of health manpower~~
21 ~~by the United States Health Service; and~~

22 ~~(b) property leased to such a nonprofit corporation or association for use~~
23 ~~solely as housing for homeless persons, as defined by regulation adopted by the tax~~
24 ~~commission or its successor provided that the term of such lease shall be for at least~~
25 ~~five years, that as a condition of entering into the lease the property be in compliance~~
26 ~~with all applicable health and sanitation codes for use as housing for homeless~~
27 ~~persons, that the lease shall provide that compensation to be paid the lessor shall not~~
28 ~~exceed one dollar per year, and that such contract of lease shall recite that the~~
29 ~~property shall be used exclusively for the purpose of housing the homeless, and~~

1 further provided that at such time as the property is no longer used solely as housing
2 for homeless persons, the property shall no longer be exempt from taxation;

3 (2) ~~property of a bona fide labor organization representing its members or~~
4 ~~affiliates in collective bargaining efforts; and~~

5 (3) ~~property of an organization such as a lodge or club organized for~~
6 ~~charitable and fraternal purposes and practicing the same, and property of a nonprofit~~
7 ~~corporation devoted to promoting trade, travel, and commerce, and also property of~~
8 ~~a trade, business, industry or professional society or association, if that property is~~
9 ~~owned by a nonprofit corporation or association organized under the laws of this~~
10 ~~state for such purposes.~~

11 (2) None of the property or any portion of the property listed in Paragraph
12 ~~(B)~~ this Paragraph shall be exempt if owned, operated, leased, held, or used for
13 commercial or other non-exempt purposes ~~unrelated to the exempt purposes of the~~
14 ~~corporation or association.~~ The exemption provided for in this Paragraph shall be
15 on a pro rata basis for the portion of property exclusively utilized for an exempt
16 purpose.

17 * * *

18 (F)(1) Notwithstanding any contrary provision of this Section, the State
19 Board of Commerce and Industry or its successor, with the approval of the governor,
20 may enter into contracts for the exemption from ad valorem taxes of a new
21 manufacturing establishment or an addition to an existing manufacturing
22 establishment, on such terms and conditions as the board, with the approval of the
23 governor, deems in the best interest of the state.

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

28 (3) The terms "manufacturing establishment" and "addition" as used herein
29 mean a new plant or establishment or an addition or additions to any existing plant

1 or establishment which engages in the business of working raw materials into wares
2 suitable for use or which gives new shapes, qualities or combinations to matter which
3 already has gone through some artificial process.

4 (4) Beginning January 1, 2024, new contracts and new renewals for an
5 exemption provided for in this Paragraph shall be prohibited.

6 * * *

7 (O)(1) Beginning January 1, 2024, items constituting business inventory,
8 including goods which are held for sale, goods in production or for ultimate
9 consumption in the production of goods or services for sale, and goods utilized in
10 marketing and distribution activities, referred to hereafter in this Paragraph as
11 "property", shall be exempt from ad valorem taxation in accordance with the
12 following provisions:

13 (a) For taxes payable in 2024, the value of the exemption shall be equal to
14 fifty percent of the assessed value of the property.

15 (b) For taxes payable in 2025, the value of the exemption shall be equal to
16 sixty-five percent of the assessed value of the property.

17 (c) For taxes payable in 2026, the value of the exemption shall be equal to
18 eighty percent of the assessed value of the property.

19 (d) For taxes payable in 2027 and thereafter, the value of the exemption shall
20 be equal to one hundred percent of the assessed value of the property.

21 (2) Notwithstanding any provision of this constitution to the contrary,
22 property for which the exemption authorized in this Paragraph has been claimed shall
23 not be treated as taxable property for purposes of any subsequent reappraisals and
24 valuation for millage adjustment purposes pursuant to Paragraph (B) of Section 23
25 of this Article.

26 * * *

27 §23.1. Change in Marsh Land Valuation Method, Homestead Exemption
28 Reductions, and Repeal of Other Property Exemptions; Adjustment of Ad
29 Valorem Tax Millages
30 Section 23.1.(A) In the year in which bona fide marsh lands are first assessed
31 for tax purposes at a percentage of fair market value rather than use value pursuant

1 to an amendment to Paragraph (C) of Section 18 of this Article, the total amount of
2 ad valorem taxes collected by any taxing authority shall not be increased, because
3 of the change in the method of determining the assessed value of marsh lands, above
4 ad valorem taxes collected by that taxing authority in the year preceding the change
5 in the method of determining the assessed value of marsh lands. To accomplish this
6 result, each affected taxing authority, in the year in which bona fide marsh lands are
7 first assessed for tax purposes at a percentage of fair market value rather than use
8 value as provided in this Paragraph, shall adjust millages downward, and the
9 maximum authorized millages shall be decreased, without further voter approval, in
10 proportion to the amount of additional ad valorem tax revenue realized as a result of
11 the change in the method of determining the assessed valuation of marsh lands as
12 provided in this Paragraph. In ensuing years, such millages shall remain in effect
13 unless changed as permitted by this constitution.

14 (B) The total amount of ad valorem taxes collected by any taxing authority
15 in each year in which a reduction to the homestead exemption amount provided in
16 Subparagraph (A)(1) of Section 20 of this Article is implemented shall not be
17 increased, because of the reduction to the homestead exemption amount, above ad
18 valorem taxes collected by that taxing authority in the year preceding
19 implementation. To accomplish this result, each affected taxing authority, in each
20 year in which a reduction to the homestead exemption amount is implemented, shall
21 adjust millages downward, and the maximum authorized millages shall be decreased,
22 without further voter approval, in proportion to the amount of additional ad valorem
23 tax revenue realized as a result of the reduction to the homestead exemption amount.
24 After the final reduction to the homestead exemption amount provided in
25 Subparagraph (A)(1) of Section 20 of this Article is implemented, such millages
26 shall remain in effect unless changed as permitted by this constitution.

27 (C) In the year in which previously exempted property first becomes subject
28 to ad valorem taxation pursuant to the amendment or repeal of any provisions of
29 Paragraphs (B) or (C) of Section 21 of this Article, the total amount of ad valorem
30 taxes collected by any taxing authority shall not be increased, because of previously

1 exempted property becoming subject to ad valorem taxation, above ad valorem taxes
 2 collected by that taxing authority in the final year in which the property was
 3 exempted from ad valorem taxation. To accomplish this result, each affected taxing
 4 authority, in the year in which previously exempted property first becomes subject
 5 to ad valorem taxation as provided in this Paragraph, shall adjust millages
 6 downward, and the maximum authorized millages shall be decreased, without further
 7 voter approval, in proportion to the amount of additional ad valorem tax revenue
 8 realized as a result of previously exempted property becoming subject to ad valorem
 9 taxation as provided in this Paragraph. In ensuing years, such millages shall remain
 10 in effect unless changed as permitted by this constitution.

11 * * *

12 §26. Revenue Sharing Fund

13 Section 26.

14 * * *

15 (B) Annual Allocation. ~~The~~ For fiscal years commencing prior to Fiscal
 16 Year 2024-2025, the sum of ninety million dollars is allocated annually from the
 17 state general fund to the revenue sharing fund. ~~The legislature may appropriate~~
 18 ~~additional sums to the fund.~~ For Fiscal Year 2024-2025 and ensuing fiscal years, the
 19 legislature shall allocate monies from the state general fund to the revenue sharing
 20 fund in accordance with the provisions of Paragraph (F) of this Section.

21 * * *

22 (F) Notwithstanding any provision of this Section to the contrary, for Fiscal
 23 Year 2024-2025, the sum of sixty-seven and one-half million dollars shall be
 24 allocated from the state general fund to the revenue sharing fund. For Fiscal Year
 25 2025-2026, the sum of forty-five million dollars shall be allocated from the state
 26 general fund to the revenue sharing fund. For Fiscal Year 2026-2027, the sum of
 27 twenty-two and one-half million dollars shall be allocated from the state general fund
 28 to the revenue sharing fund. For Fiscal Year 2027-2028 and each fiscal year

1 thereafter, no state general fund monies shall be allocated to the revenue sharing
2 fund.

3 Section 3. Be it resolved by the Legislature of Louisiana, two-thirds of the members
4 elected to each house concurring, that there shall be submitted to the electors of the state of
5 Louisiana, for their approval or rejection in the manner provided by law, a proposal to
6 amend Article VII, Section 11(C) of the Constitution of Louisiana, to read as follows:

7 §11. Budgets

8 Section 11.

9 * * *

10 (C) Capital Budget. The governor shall submit to the legislature, at each
11 regular session, a proposed five-year capital outlay program and request
12 implementation of the first year of the program. Prior to inclusion in the
13 comprehensive capital budget which the legislature adopts, each capital improvement
14 project shall be evaluated through a feasibility study, as defined by the legislature,
15 which shall include an analysis of need and estimates of construction and operating
16 costs. The legislature shall provide by law for procedures, standards, and criteria for
17 the evaluation of such feasibility studies and shall set the schedule of submission of
18 such feasibility studies which shall take effect not later than December thirty-first
19 following the first regular session convening after this Paragraph takes effect. These
20 procedures, standards, and criteria for evaluation of such feasibility studies cannot
21 be changed or altered except by a separate legislative instrument approved by a
22 favorable vote of two-thirds of the elected members of each house of the legislature.
23 For those projects not eligible for funding under the provisions of Article VII,
24 Section 27 of this constitution, the request for implementation of the first year of the
25 program shall include a list of the proposed projects in priority order based on the
26 evaluation of the feasibility studies submitted. Capital outlay projects approved by
27 the legislature shall be made a part of the comprehensive state capital budget, which
28 shall be adopted by the legislature. Beginning July 1, 2024, no nongovernmental
29 entity project shall be eligible for capital outlay funding.

30 * * *

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 Section 4. Be it resolved by the Legislature of Louisiana, two-thirds of the members
2 elected to each house concurring, that there shall be submitted to the electors of the state of
3 Louisiana, for their approval or rejection in the manner provided by law, a proposal to
4 amend Article VIII, Section 13(B) and (C) of the Constitution of Louisiana, to read as
5 follows:

6 §13. Funding; Apportionment

7 Section 13.

8 * * *

9 (B) Minimum Foundation Program. (1) The State Board of Elementary and
10 Secondary Education, or its successor, shall annually develop and adopt a formula
11 which shall be used to determine the cost of a minimum foundation program of
12 education in all public elementary and secondary schools as well as to equitably
13 allocate the funds to parish and city school systems. The cost of the program shall
14 be shared by the state and each city, parish, and other local public school board as
15 provided in this Paragraph. Such The formula shall provide that cities, parishes, and
16 other local public school districts having lower total ad valorem property tax value
17 per student within their boundaries shall receive a higher proportionate share of the
18 state's contribution to program funding ~~for a contribution by every city and parish~~
19 ~~school system~~. Prior to approval of the formula by the legislature, the legislature
20 may return the formula adopted by the board to the board and may recommend to the
21 board an amended formula for consideration by the board and submission to the
22 legislature for approval.

23 (2)(a) For fiscal years prior to Fiscal Year 2024-2025, the ~~The~~ legislature
24 shall annually appropriate funds sufficient to fully fund the current cost to the state
25 of such a program as determined by applying the approved formula in order to insure
26 a minimum foundation of education in all public elementary and secondary schools.

27 (b) For Fiscal Year 2024-2025 through Fiscal Year 2027-2028, the
28 legislature shall appropriate the following amounts of state general fund monies to
29 fund the state's share of the program funding established pursuant to this Section:

1 (i) For Fiscal Year 2024-2025, no more than three billion seven hundred
2 ninety-three million dollars.

3 (ii) For Fiscal Year 2025-2026, no more than three billion five hundred forty
4 million dollars.

5 (iii) For Fiscal Year 2026-2027, no more than three billion two hundred
6 eighty-seven million dollars.

7 (iv) For Fiscal Year 2027-2028, no more than three billion thirty-four million
8 dollars.

9 (c)(i) Except as provided in Item (ii) of this Subsubparagraph, for each fiscal
10 year after 2027-2028, the maximum amount of state general fund monies that may
11 be appropriated to fund the state's share of program funding shall be three billion
12 thirty-four million dollars.

13 (ii) The maximum amount established in Item (i) of this Subsubparagraph
14 may be increased by up to two percent at the discretion of the legislature through an
15 appropriation in the general appropriation bill. When an increase in the amount is
16 adopted, the new total amount shall constitute a new maximum for the purposes of
17 this Subsubparagraph. Each ensuing new maximum may also be increased by up to
18 two percent as provided in this Subsubparagraph.

19 (d) The difference between the total program cost to the city, parish, or other
20 local public school board, as applicable, and the amount of state funding it receives
21 each year pursuant to the formula shall be funded by the city, parish, or other local
22 public school board with self-generated revenues.

23 (e) Neither the governor nor the legislature may reduce ~~such~~ any
24 appropriation made pursuant to this Subparagraph, except that the governor may
25 reduce such appropriation using means provided in the ~~aet~~ Act containing the
26 appropriation provided that any such reduction is consented to in writing by
27 two-thirds of the elected members of each house of the legislature. The funds
28 appropriated shall be equitably allocated to parish and city school systems according
29 to the formula as adopted by the State Board of Elementary and Secondary

1 Education, or its successor, and approved by the legislature prior to making the
2 appropriation.

3 (3) Whenever the legislature fails to approve the formula most recently
4 adopted by the board, or its successor, the last formula adopted by the board, or its
5 successor, and approved by the legislature shall be used for the determination of the
6 cost of the minimum foundation program and for the allocation of funds
7 appropriated. The maximum state funding amounts established pursuant to
8 Subsubparagraphs (2)(b) and (c) of this Paragraph shall apply to any formula that
9 becomes effective, regardless of whether the formula was established prior to the
10 effective date of Subsubparagraphs (2)(b) and (c) of this Paragraph.

11 (C) Local Funds. Local funds for the support of elementary and secondary
12 schools shall be derived from the following sources:

13 ~~First: Each parish school board, Orleans Parish excepted, and each~~
14 ~~municipality or city school board~~ (1)(a) For the taxable years beginning January 1,
15 2024, January 1, 2025, January 1, 2026, and January 1, 2027, each city, parish, or
16 other local public school board actually operating, maintaining, or supporting a
17 separate system of public schools, shall may levy annually an ad valorem
18 maintenance tax not to exceed five mills on the dollar of assessed valuation on
19 property subject to such taxation within the respective parish, or city, respectively
20 or local public school district without the approval of the electors. The millage rate
21 of any tax levied pursuant to the provisions of this Subparagraph shall be sufficient
22 to generate an amount of revenue at least equal to the sum of the following:

23 (i) The total amount of revenue generated by the ad valorem taxes levied by
24 the city, parish, or other local public school board for the last complete tax year
25 immediately prior to the effective date of this Subparagraph.

26 (ii) An amount equal to the difference between the total amount of state
27 funds the city, parish, or other local public school board received pursuant to the
28 provisions of this Section in the last complete fiscal year immediately prior to the
29 effective date of this Subparagraph and the total amount of state funds the city,

1 parish, or other local public school board received pursuant to the provisions of this
2 Section.

3 (b) The duration of any tax levied pursuant to the provision of this
4 Subparagraph shall not exceed four years.

5 ~~Second: The Orleans Parish School Board shall levy annually a tax not to~~
6 ~~exceed thirteen mills on the dollar of the assessed valuation of property within the~~
7 ~~city of New Orleans assessed for city taxation, and shall certify the amount of the tax~~
8 ~~to the governing authority of the city. The governing authority shall have the tax~~
9 ~~entered on city tax rolls. The tax shall be collected in the manner, under the~~
10 ~~conditions, and with the interest and penalties prescribed by law for city taxes. The~~
11 ~~money thus collected shall be paid daily to the Orleans Parish School Board.~~

12 (2) For the taxable year beginning January 1, 2028, and continuing each year
13 thereafter, each city, parish, or other local public school board actually operating,
14 maintaining, or supporting a separate system of public schools may levy annually an
15 ad valorem tax on property within the respective parish, city, or local public school
16 district with the approval of a majority of the electors of the parish, city, or local
17 public school district, as applicable, in an election held for that purpose. The millage
18 rate of any tax levied pursuant to the provisions of this Subparagraph shall be
19 sufficient to generate an amount of revenue at least equal to the amount required
20 pursuant to Subsubparagraph (B)(2)(d) of this Section. The duration of any tax
21 levied pursuant to the provisions of this Subparagraph shall not exceed ten years.

22 ~~Third:~~ (3) For giving additional support to public elementary and secondary
23 schools, any parish, school district, or subschool district, or any municipality or city
24 school board which supports a separate city system of public schools may levy an ad
25 valorem tax for a specific purpose, when authorized by a majority of the electors
26 voting in the parish, municipality, district, or subdistrict in an election held for that
27 purpose. The amount, duration, and purpose of the tax shall be in accord with any
28 limitation imposed by the legislature.

29 * * *

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 Section 5. Be it resolved by the Legislature of Louisiana, two-thirds of the members
2 elected to each house concurring, that there shall be submitted to the electors of the state of
3 Louisiana, for their approval or rejection in the manner provided by law, a proposal to repeal
4 Article VI, Section 26(E) and Article VII, Sections 2.2, 21(C)(10) and (12), and 26(E) of
5 the Constitution of Louisiana.

6 Section 6.(A) Be it further resolved that the provisions of the amendment contained
7 in Sections 1, 2, 4, and 5 of this Joint Resolution shall become effective January 1, 2024, and
8 shall be applicable to taxable years beginning on or after January 1, 2024.

9 (B) Be it further resolved that the provisions of the amendment contained in Section
10 3 of this Joint Resolution shall become effective July 1, 2024.

11 Section 7. Be it further resolved that this proposed amendment shall be submitted
12 to the electors of the state of Louisiana at the statewide election to be held on October 14,
13 2023.

14 Section 8. Be it further resolved that on the official ballot to be used at the election,
15 there shall be printed a proposition, upon which the electors of the state shall be permitted
16 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
17 follows:

18 Do you support an amendment to repeal the state income tax; to prohibit
19 taxes on net income and capital; to raise the limit on property tax increases
20 that parishes and municipalities can impose for general purposes without a
21 vote of the electorate; to require parishes to assume the costs of
22 uncompensated health care delivered by hospitals and to levy a tax to pay for
23 such care; to limit the rate of sales and use taxes that local governments and
24 school boards may levy; to remove marsh lands from lands eligible for use
25 valuation for purposes of property tax; to decrease the value of the homestead
26 exemption over four years; to preserve the full homestead exemption for
27 people who qualify for a special assessment level; to repeal certain property
28 tax exemptions for property owned by charitable, religious, health, or welfare
29 organizations; to provide a property tax exemption for certain property that

1 is used exclusively for religious, burial, cultural, or educational purposes; to
 2 prohibit new industrial tax exemption program contracts and the renewal of
 3 the program's existing contracts; to exempt certain items constituting
 4 business inventory from property taxation; to prohibit nongovernmental
 5 entities from obtaining funding through the state's capital outlay program; to
 6 reduce the amount of money the state appropriates to parishes through the
 7 Revenue Sharing Fund; to reduce the limit on state funding provided to the
 8 minimum foundation program for K-12 education; to require city, parish, and
 9 other local public school boards to cover the nonstate portion of required
 10 minimum foundation program funding; and to authorize city, parish, and
 11 other local public school boards to levy ad valorem taxes to support
 12 elementary and secondary schools? (Effective January 1, 2024, except for
 13 provisions repealing nongovernmental entity capital outlay funding which are
 14 effective July 1, 2024) (Amends Article VI, Sections 26(A) through (C), 27,
 15 and 29, Article VII, Sections 4(A), 11(C), 18(C) and (F)(1), 20(A)(1), 21(B)
 16 and (F), and 26(B), and Article VIII, Section (13)(B) and (C); Adds Article
 17 VI, Section 26.1 and Article VII, Sections 21(O), 23.1, and 26(F); Repeals
 18 Article VI, Section 26(E), Article VII, Sections 2.2, 21(C)(10) and (12), and
 19 26(E))

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 414 Original

2023 Regular Session

Nelson

Abstract: Provides relative to state and local revenues derived from ad valorem taxes, sales and use taxes, income taxes, and taxes on capital; provides further for the state capital outlay budget, bonded debt, the homestead exemption, the Minimum Foundation program, local funding for the support of public education, and local funding of uncompensated health care delivered by hospitals.

Ad Valorem Tax – Parishes

Present constitution authorizes the governing authority of a parish to levy an ad valorem tax for general purposes not to exceed four mills on the dollar of assessed valuation. Permits

increases in millage rates when approved by a majority of electors voting in an election held for that purpose.

Present constitution provides that when a parish governing authority increases a millage other than for general purposes, the increase shall go to the electors for approval and the proposition must state the specific purpose for which the tax is to be levied and the length of time for which the tax is to remain in effect.

Proposed constitutional amendment raises the maximum total millage that may be levied for general purposes by a parish governing authority from four mills to eight mills. Further provides that a parish governing authority may raise the total millage amount up to the limit provided in proposed constitutional amendment without approval of the voters.

Proposed constitutional amendment repeals present constitution providing special millage limits for Jackson Parish and for Orleans Parish.

Proposed constitutional amendment requires that responsibility for uncompensated care provided by a hospital shall be borne by the governing authority of the parish in which the hospital that delivered the care is physically located. Authorizes parish governing authorities to levy an ad valorem tax for the purposes of paying the cost of such care.

Effective Jan. 1, 2024.

Ad Valorem Tax – Municipalities

Present constitution authorizes the governing authority of a municipality to levy an ad valorem tax for general purposes not to exceed seven mills on the dollar of assessed valuation. Provides that if a municipality is exempt from payment of parish taxes or, under legislative or constitutional authority, maintains its own public schools, it may levy an annual tax not to exceed ten mills. Permits increasing millage rates when approved by a majority of electors voting in an election held for that purpose.

Present constitution provides that when a municipality's governing authority increases the millage other than for general purposes, the increase shall go to the electors for approval and the proposition must state the specific purpose for which the tax is to be levied and the length of time for which the tax is to remain in effect.

Proposed constitutional amendment raises the maximum total millage that may be levied for general purposes by a municipality's governing authority from seven mills to 14 mills. Further provides that the governing authority of a parish may raise the total millage amount up to 14 mills without approval of the voters.

Proposed constitutional amendment increases the maximum millage that a municipality may levy when it is exempt from payment of parish taxes or, under legislative or constitutional authority, maintains its own public schools from ten to 20 mills.

Effective Jan. 1, 2024.

State Sales and Use Tax

Present constitution exempts sales or purchases of food for home consumption, residential utilities, and prescription drugs from the state sales and use tax. Proposed constitutional amendment repeals present constitution.

Effective Jan. 1, 2024.

Sales and Use Taxes of Local Governmental Subdivisions and School Boards

Present constitution authorizes the governing authority of any local governmental subdivision or school board to levy and collect a sales and use tax if approved by a majority of the electors in an election held for that purpose. Further provides that the rate, when combined with all other sales and use taxes except those of the state, shall not exceed 3%. Proposed constitutional amendment retains present constitution.

Present constitution provides that the legislature, by general or by local or special law, may authorize the imposition of additional sales and use taxes by local governmental subdivisions or school boards if approved by a majority of the electors voting on the tax increase in an election held for that purpose. Proposed constitutional amendment repeals present constitution.

Present constitution provides that no changes in a sales tax imposed by a local governmental subdivision or school board shall affect or impair the security of any bonds payable from proceeds of that tax. Proposed constitutional amendment retains present constitution.

Effective Jan. 1, 2024.

Income Tax

Present constitution authorizes the levy of equal and uniform taxes on net income. Further provides the taxes may be graduated according to the amount of net income.

Proposed constitutional amendment repeals present constitution and prohibits taxes on net income or capital after Dec. 31, 2023.

Effective Jan. 1, 2024.

Capital Outlay

Present constitution requires the governor to submit to the legislature, at each regular session, a proposed five-year capital outlay program. Further provides that general obligation bonds may fund both state and nongovernmental entity projects.

Proposed constitutional amendment provides that, beginning July 1, 2024, no nongovernmental entity project shall be eligible for capital outlay funding; otherwise, retains present constitution relative to the state's capital budget.

Effective July 1, 2024.

Ad Valorem Tax – General Provisions

Present constitution provides that property subject to ad valorem taxation shall be reappraised and valued at intervals of not more than four years. Proposed constitutional amendment revises present constitution to provide instead that property shall be appraised and valued annually.

Present constitution provides that bona fide agricultural, horticultural, marsh, and timber lands shall be assessed for ad valorem tax purposes based upon a percentage of use value rather than a percentage of fair market value. Proposed constitutional amendment revises present constitution to cause marsh lands to be assessed based upon a percentage of fair market value.

Present constitution provides for ad valorem tax exemptions for property owned by nonprofit organizations operated exclusively for religious, burial, charitable, health, welfare, fraternal, or educational purposes. Proposed constitutional amendment revises present constitution to exempt from ad valorem taxation only property of nonprofit organizations that is used exclusively for religious, cultural, or educational purposes.

Proposed constitutional amendment repeals present constitution exempting the following property from ad valorem taxation:

- (1) Certain medical equipment leased to a nonprofit organization which owns or operates a small, rural hospital as defined in present constitution.
- (2) Property leased to a nonprofit organization for use solely as housing for homeless persons, subject to certain conditions provided in present constitution.
- (3) Property of a bona fide labor organization representing its members or affiliates in collective bargaining efforts.
- (4) Property of a nonprofit organization such as a lodge or club organized for charitable and fraternal purposes.
- (5) Property of a nonprofit organization devoted to promoting trade, travel, and commerce.
- (6) Property of a trade, business, industry, or professional society or association owned by a nonprofit organization.
- (7) Irrevocably dedicated places of burial held by individuals for purposes of burial of themselves or members of their families.
- (8) Property used for cultural, Mardi Gras carnival, or civic activities and not operated for profit to the owners.

Present constitution authorizes the State Board of Commerce and Industry, with the approval of the governor, to enter into contracts for ad valorem property tax exemptions for property of new manufacturing establishments or additions to manufacturing establishments. Further provides that these contracts shall be for an initial term of no more than five years and may be renewed for an additional five years. Proposed constitutional amendment provides that, beginning on Jan. 1, 2024, new contracts and renewals of existing contracts for such exemptions shall be prohibited.

Proposed constitutional amendment requires reductions in millages in proportion to revenue changes resulting from additional types of properties, and portions of value of properties, becoming subject to ad valorem taxation pursuant to proposed constitutional amendment.

Effective Jan. 1, 2024.

Ad Valorem Tax – Business Inventory Exemption

Proposed constitutional amendment provides that, beginning January 1, 2024, items constituting business inventory, including goods which are held for sale, goods in production or for ultimate consumption in the production of goods or services for sale, and goods utilized in marketing and distribution activities, shall be exempt from ad valorem taxation as follows:

- (1) For taxes payable in 2024, the value of the exemption shall be equal to 50% of the assessed value of the property.

- (2) For taxes payable in 2025, the value of the exemption shall be equal to 65% of the assessed value of the property.
- (3) For taxes payable in 2026, the value of the exemption shall be equal to 80% of the assessed value of the property.
- (4) For taxes payable in 2027 and thereafter, the value of the exemption shall be equal to 100% of the assessed value of the property.

Proposed constitutional amendment stipulates that property for which the ad valorem tax exemption authorized therein has been claimed shall not be treated as taxable property for purposes of any subsequent reappraisals and valuation for millage adjustment purposes pursuant to present constitution relative to adjustment of ad valorem tax millages (Const. Art. VII, §23(B)).

Effective Jan. 1, 2024.

Ad Valorem Tax – Homestead Exemption

Present constitution establishes a homestead exemption for certain owner-occupied property which exempts \$7,500 of the assessed value of that property from property tax.

Proposed constitutional amendment reduces the value of the homestead exemption over time according to the following schedule:

- (1) Beginning Jan. 1, 2024, the homestead exemption shall equal \$6,125 of the assessed value of the qualifying property.
- (2) Beginning Jan. 1, 2025, the homestead exemption shall equal \$4,750 of the assessed value of the qualifying property.
- (3) Beginning Jan. 1, 2026, the homestead exemption shall equal \$3,375 of the assessed value of the qualifying property.
- (4) Beginning Jan. 1, 2027 the homestead exemption shall equal \$2,000 of the assessed value of the qualifying property.

Effective Jan. 1, 2024.

Revenue Sharing Fund

Present constitution creates the Revenue Sharing Fund as a special fund in the state treasury. Provides that monies in the fund shall be distributed annually to parishes on the basis of population and number of homesteads in each parish in proportion to population and the number of homesteads throughout the state. Requires that \$90 million be allocated annually from the state general fund to the Revenue Sharing Fund.

Proposed constitutional amendment revises present constitution to provide that the \$90 million annual allocation to the Revenue Sharing Fund shall be effective only for fiscal years commencing prior to FY 2024-2025. Requires that allocations in ensuing years shall be reduced as follows:

- (1) For FY 2024-2025, the sum of \$67,500,000 shall be allocated from the state general fund to the revenue sharing fund.

- (2) For FY 2025-2026, the sum of \$45,000,000 shall be allocated from the state general fund to the revenue sharing fund.
- (3) For FY 2026-2027, the sum of \$22,500,000 shall be allocated from the state general fund to the revenue sharing fund.
- (4) For FY 2027-2028 and each fiscal year thereafter, no state general fund monies shall be allocated to the revenue sharing fund.

Present constitution authorizes political subdivisions to incur debt by issuing negotiable bonds and to pledge for the payment of such bonded debt monies derived, or to be derived, from the Revenue Sharing Fund. Proposed constitutional amendment repeals present constitution.

Effective Jan. 1, 2024.

Minimum Foundation Program

Present constitution establishes the Minimum Foundation Program (MFP) which provides for the establishment, allocation, and funding of the cost of K-12 education in public elementary and secondary schools. Requires the State Board of Elementary and Secondary Education (BESE) to annually develop and adopt a formula to determine the cost of K-12 education in all public elementary and secondary schools. Requires further that the formula equitably allocate funding to parish and city school systems.

Proposed constitutional amendment retains the framework for the MFP provided in present constitution but makes substantial changes to provisions for funding of the program by the state and local governing authorities, respectively.

Proposed constitutional amendment provides that cities, parishes, and other local public school districts having lower total property tax value per student within their boundaries shall receive a higher proportionate share of the state's contribution to MFP funding.

For fiscal years 2024-2025 and thereafter, proposed constitutional amendment places the limits listed below on the amount of state general fund monies that may be appropriated annually to finance the state's share of the cost of the MFP. Requires city and parish school systems to pay the remainder of the cost and authorizes levying of ad valorem taxes necessary for such school systems to do so. Requires the legislature to appropriate the following amounts of state general fund monies annually to fund the state's share of the MFP:

- (1) For FY 2024-2025, no more than \$3,793,000,000.
- (2) For FY 2025-2026, no more than \$3,540,000,000.
- (3) For FY 2026-2027, no more than \$3,287,000,000.
- (4) For FY 2027-2028, no more than \$3,034,000,000.

Proposed constitutional amendment provides that for each fiscal year after FY 2027-2028, the maximum amount of state general fund monies appropriated for the MFP shall be capped at \$3,034,000,000; but authorizes the legislature to increase this amount by up to 2% by appropriating additional state general fund monies to the MFP in the general appropriation bill. Provides that if such an increase occurs, the increased amount shall constitute the new maximum and may in turn be increased by 2% in the future, at the legislature's discretion, as provided in proposed constitutional amendment.

Present constitution authorizes parishes to levy ad valorem taxes to fund their required contribution to the annual cost of the MFP but places specific limits on the millages associated with such taxes. Proposed constitutional amendment repeals these millage limits.

Proposed constitutional amendment requires that for the taxable years beginning Jan. 1, 2024, Jan. 1, 2025, Jan. 1, 2026, and Jan. 1, 2027, the ad valorem taxes imposed by city, parish, and other local school boards for operating, maintaining, or supporting a system of public schools shall be at millage rates sufficient to generate revenues at least equal to the sum of the following:

- (1) The total amount of revenue generated by the ad valorem taxes levied by the city, parish, or other local public school board for the last complete tax year immediately prior to the effective date of proposed constitutional amendment.
- (2) An amount equal to the difference between the total amount of state funds the city, parish, or other local public school board received pursuant to the provisions of proposed constitutional amendment in the last complete fiscal year immediately prior to the effective date of proposed constitutional amendment and the total amount of state funds it received pursuant to proposed constitutional amendment.

Proposed constitutional amendment provides that the duration of a local ad valorem tax levied for operating, maintaining, or supporting a system of public schools shall not exceed four years, and that such tax may be levied without a vote of the electors of the district.

Proposed constitutional amendment provides that for the taxable year beginning Jan. 1, 2028, and continuing each year thereafter, a city, parish, or other local public school board may levy an ad valorem tax sufficient to fund its share of the MFP cost. Stipulates, however, that the levy must be approved by a majority of the electors and the duration of such levy may not exceed 10 years.

Effective Jan. 1, 2024.

Submission of Amendment to Voters

Provides for submission of proposed constitutional amendment to the voters at the statewide election to be held Oct. 14, 2023.

(Amends Const. Art. VI, §§26(A)-(C), 27, and 29, Art. VII, §§4(A), 11(C), 18(C) and (F)(1), 20(A)(1), 21(B) and (F), and 26(B), and Art. VIII, §(13)(B) and (C); Adds Const. Art. VI, §26.1 and Art. VII, §§21(O), 23.1, and 26(F); Repeals Const. Art. VI, §26(E) and Art. VII, §§2.2, 21(C)(10) and (12), and 26(E))