

2023 Regular Session

HOUSE BILL NO. 46

BY REPRESENTATIVES HUGHES AND KNOX

TAX EXEMPTIONS/NONPROFIT: (Constitutional Amendment) Restricts eligibility of nonprofit organizations for property tax exemptions for residential property found to endanger public health or safety

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A JOINT RESOLUTION

Proposing to amend Article VII, Section 21(B) of the Constitution of Louisiana, relative to ad valorem tax exemptions; to provide for eligibility of certain nonprofit organizations for such exemptions; to prohibit the exemption from ad valorem taxation of certain residential property owned by a nonprofit corporation or association based upon the condition of the property; to provide for determinations by local governing authorities with respect to the condition of certain property owned by a nonprofit corporation or association and leased as housing; to authorize the issuance or reinstatement of a property tax exemption to a nonprofit corporation or association in certain circumstances; to make technical changes and corrections; to provide for applicability; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

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 of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 21(B) of the Constitution of Louisiana, to read as follows:

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 (B)(1)(a)(i) Property owned by a nonprofit corporation or association
7 organized and operated exclusively for religious, dedicated places of burial,
8 charitable, health, welfare, fraternal, or educational purposes, no part of the net
9 earnings of which inure to the benefit of any private shareholder or member thereof
10 and ~~which~~ that is declared to be exempt from federal or state income tax; and

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

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

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

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

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

11 (4)(a) None of the property listed in this Paragraph ~~(B)~~ shall be exempt if
12 owned, operated, leased, or used for commercial purposes unrelated to the exempt
13 purposes of the corporation or association.

14 (b)(i) None of the property listed in this Paragraph shall be exempt if the
15 property is owned by a nonprofit corporation or association and the governing
16 authority of the municipality or parish in which the property is located determines
17 all of the following:

18 (aa) The property is leased as housing, is in a state of disrepair, and
19 manifests conditions which endanger the health or safety of the public.

20 (bb) The owner of the property habitually neglects maintenance of the
21 property as evidenced by three or more code enforcement violations issued for the
22 property in the prior twelve months for matters that endanger the health or safety of
23 residents of the property or of persons in the area surrounding the property.

24 (ii) An ad valorem tax exemption denied or revoked pursuant to the
25 provisions of Item (i) of this Subsubparagraph may be issued or reinstated if the
26 governing authority of the municipality or parish in which the property is located
27 determines that the conditions enumerated in Item (i) of this Subsubparagraph no
28 longer exist.

29 * * *

1 Section 2. Be it further resolved that the provisions of the amendment contained in
2 this Joint Resolution shall be applicable to all tax years beginning on or after January 1,
3 2024.

4 Section 3. Be it further resolved that this proposed amendment shall be submitted
5 to the electors of the state of Louisiana at the statewide election to be held on October 14,
6 2023.

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

11 Do you support an amendment to deny a property tax exemption to a
12 nonprofit corporation or association that owns residential property in such a
13 state of disrepair that it endangers public health or safety? (Amends Article
14 VII, Section 21(B))

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 46 Reengrossed

2023 Regular Session

Hughes

Abstract: Allows for denial of an ad valorem tax exemption for property owned by a nonprofit corporation or association and leased as housing if the property is found by a local governing authority to be in such a state of disrepair that it endangers public health or safety.

Present constitution provides for the classification and assessment of property subject to ad valorem taxation. Further provides an exclusive list of types of property that, in addition to property to which the homestead exemption provided for in present constitution applies, shall be exempt from ad valorem taxation.

Present constitution authorizes an exemption from ad valorem taxation for property owned by a nonprofit corporation or association organized and operated exclusively for one or more of the following purposes:

- (1) Religious purposes.
- (2) Dedicated places of burial.
- (3) Charitable purposes.
- (4) Purposes relating to health and welfare.

- (5) Fraternal purposes.
- (6) Educational purposes.

Present constitution establishes the following conditions which must be satisfied in order for a nonprofit corporation or association to obtain the ad valorem tax exemption afforded by present constitution:

- (1) No part of the corporation's or association's net earnings inure to the benefit of any private shareholder.
- (2) The corporation or association is declared to be exempt from federal or state income tax.
- (3) The property subject to the exemption is not owned, operated, leased, or used for commercial purposes unrelated to the tax-exempt purposes of the corporation or association.

Proposed constitutional amendment retains present constitution and adds thereto a restriction on granting of ad valorem tax exemptions for certain property owned by nonprofit corporations or associations.

Proposed constitutional amendment provides that none of the property otherwise qualifying for the ad valorem tax exemption established in present constitution shall be exempt if the property is owned by a nonprofit corporation or association and the governing authority of the municipality or parish in which the property is located determines all of the following:

- (1) The property is leased as housing, is in a state of disrepair, and manifests conditions which endanger the health or safety of the public.
- (2) The owner of the property habitually neglects its maintenance as evidenced by three or more code enforcement violations issued for the property in the prior twelve months for matters that endanger the health or safety of residents of the property or of persons in the area surrounding the property.

Proposed constitutional amendment stipulates that an ad valorem tax exemption denied or revoked pursuant to proposed constitutional amendment may be issued or reinstated if the governing authority of the municipality or parish in which the property is located determines that the conditions that disqualified the property for the exemption no longer exist.

Proposed constitutional amendment applies to all tax years beginning on or after Jan. 1, 2024.

Proposed constitutional amendment makes technical changes and corrections in present constitution.

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

(Amends Const. Art. VII, §21(B))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

- 1. Revise a reference in proposed constitutional amendment to property for residential use to refer instead to property leased as housing.

The Committee Amendments Proposed by House Committee on Civil Law and Procedure to the engrossed bill:

1. Changed the ballot language.