

1 be no refundable credit allowed against any Louisiana income or corporation
 2 franchise tax for ad valorem taxes paid to political subdivisions on or after January
 3 1, 2016, on inventory held by manufacturers, distributors, and retailers except for
 4 taxpayers whose ad valorem taxes paid to all political subdivisions in the taxable
 5 year was less than an amount established by law. However, any unused portion of
 6 the credit may be carried forward as a credit against subsequent tax liability for a
 7 period not to exceed five years.

8 * * *

9 §10. Expenditure of State Funds

10 Section 10.

11 * * *

12 (F) Projected Deficit.

13 * * *

14 (4) The provisions of Subparagraphs (1) and (2) of this Paragraph shall not
 15 be applicable to, nor affect:

16 * * *

17 (h) The Local Investment Fund as provided in Article VII, Section 10.15 of
 18 this constitution.

19 * * *

20 §10.15. Local Investment Fund

21 Section 10.15.(A) There is hereby created as a special fund within the state
 22 treasury the "Local Investment Fund", hereinafter referred to as the "fund".

23 (B) Annually, beginning in Fiscal Year 2017-2018, the lesser of (1) the sum
 24 of five hundred million dollars or (2) fifteen point six hundred twenty-five percent
 25 of the total state sales and use tax revenues generated during the second immediately
 26 preceding fiscal year under the provisions of R.S. 47:302, 321, and 331 at the rates
 27 and bases existing as of June 30, 2015, as certified by the Revenue Estimating
 28 Conference as actual collections no later than December 31 of the immediately
 29 preceding calendar year shall be allocated from the state general fund to the fund.

1 The legislature may appropriate additional sums to the fund. All unexpended and
2 unencumbered monies in the fund at the end of the fiscal year shall remain in the
3 fund. The monies in the fund shall be invested by the state treasurer in the same
4 manner as monies in the state general fund, and all earnings on investment of the
5 fund shall be deposited into the fund.

6 (C) The fund shall be distributed annually as provided by law solely on the
7 basis of the total assessed value of other property as classified under Article VII,
8 Section 18 of this constitution in each parish in proportion to the total assessed
9 valuation of other property as classified under Article VII, Section 18 of this
10 constitution throughout the state. Unless otherwise provided by law, the assessed
11 valuations for the immediately preceding calendar year, as reported to the Louisiana
12 Tax Commission or its successor, shall be utilized for this purpose. After deductions
13 in each parish for retirement systems and commissions as authorized by law, the
14 remaining funds, to the extent available, shall be distributed to the tax recipient
15 bodies, as defined by law within the parish, to help offset a portion of the revenue
16 loss due to the exemptions under Article VII, Section 21(C)(20) and (21) of this
17 constitution. For purposes of this Paragraph, other property as classified under
18 Article VII, Section 18 of this constitution shall include property exempt under
19 Article VII, Section 21(C)(20) and (21) of this constitution.

20 (D) The funds distributed to each parish as provided in Paragraph (C) shall
21 be distributed in Orleans Parish by the city treasurer of New Orleans and in all other
22 parishes by the parish tax collector, who each shall disburse the funds in accordance
23 with a schedule prepared by the parish assessor, as provided by law.

24 (E) For purposes of Article VII, Section 23 of this constitution, distributions
25 from the fund shall be considered by taxing authorities to be ad valorem taxes
26 collected and to be collected and shall be taken into account when setting millage
27 rates.

28 (F) Bond millages levied to service general obligation bonds under the
29 authority of Article VI, Section 33(B) of this constitution or any other constitutional

1 or statutory authority for the issuance of general obligation bonds shall share in the
2 distributions from the fund. The governing authority of the issuing political
3 subdivision shall take such distributions into account when levying and collecting
4 or causing to be levied and collected on all taxable property in the political
5 subdivision ad valorem taxes sufficient to pay principal and interest and redemption
6 premiums, if any, on such bonds as they mature.

7 (G) A political subdivision may incur debt by issuing negotiable bonds and
8 may pledge for the payment of all or part of the principal and interest of such bonds
9 the proceeds derived or to be derived from that portion of the funds received by it
10 from the fund. Unless otherwise provided by law, no monies allocated within any
11 parish from the balance remaining in its distribution may be pledged to the payment
12 of the principal or interest of any bonds. Bonds issued under this Paragraph shall be
13 issued and sold as provided by law, and shall require approval of the State Bond
14 Commission or its successor prior to issuance and sale.

15 * * *

16 §21. Other Property Exemptions

17 Section 21. In addition to the homestead exemption provided for in Section
18 20 of this Article, the following property and no other shall be exempt from ad
19 valorem taxation:

20 * * *

21 (C)

22 * * *

23 (20) Inventory held by manufacturers, distributors, and retailers that is
24 properly reported to parish assessors in accordance with procedures prescribed by
25 the Louisiana Tax Commission or its successor.

26 (21) Vessels, including ships, oceangoing tugs, towboats, and barges,
27 principally operated in Outer Continental Shelf Lands Act Waters that are properly
28 reported to parish assessors in accordance with procedures prescribed by the
29 Louisiana Tax Commission or its successor. "Outer Continental Shelf Lands Act

1 Waters" shall include all waters above all submerged land seaward and outside of the
2 area of state submerged lands beneath navigable waters as defined in the Submerged
3 Lands Act, 43 U.S.C. §1301 et seq. The term shall further include all waters above
4 Outer Continental Shelf submerged lands to which the Outer Continental Shelf
5 Lands Act of Title 43 U.S.C. §1331 et seq. applies.

6 Section 2. Be it further resolved that this proposed amendment shall become
7 effective January 1, 2017.

8 Section 3. Be it further resolved that this proposed amendment shall be submitted
9 to the electors of the state of Louisiana at the statewide election to be held on November 8,
10 2016.

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

15 Do you support an amendment to eliminate state income tax credits for ad
16 valorem taxes paid to political subdivisions on inventory held by
17 manufacturers, distributors, and retailers on or after January 1, 2016, except
18 for taxpayers whose ad valorem taxes were below a certain amount as
19 provided by law; and to exempt from property tax inventory held by
20 manufacturers, distributors, and retailers and vessels principally operated in
21 Outer Continental Shelf waters that are properly reported to parish assessors;
22 and to establish the Local Investment Fund, and to dedicate certain state tax
23 revenues to the fund in order to help offset a portion of the tax recipient
24 bodies' revenue losses attributable to the exemptions; and to prohibit monies
25 in the fund from being used or appropriated for other purposes when
26 adjustments are made to eliminate a state deficit? (Amends Article VII,
27 Section 4(A); Adds Article VII, Sections 10(F)(4)(h), 10.15, and 21(C)(20)
28 and (21))

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 91 Original

2016 First Extraordinary Session

Bishop

Abstract: Prohibits state income tax credits for property taxes paid on business inventories and offshore vessels, establishes an annual allocation of at least \$500 million from the state general fund to the Local Investment Fund, a fund established to aid local taxing authorities due to the tax losses attributable to the exemption of that property.

Present law allows a refundable income or corporate franchise tax credit for ad valorem property taxes paid on:

- (1) Inventory held by manufacturers, distributors, and retailers, and on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities.
- (2) Vessels, including ships, oceangoing tugs, towboats, and barges, principally operated in Outer Continental Shelf Lands Act Waters.

Proposed constitutional amendment eliminates all refundable income and corporate franchise tax credits for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers on or after Jan. 1, 2016, except for taxpayers whose ad valorem taxes paid to all political subdivisions in the taxable year was less than an amount established by law (presently \$10,000). However, any unused portion of the credit may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

Proposed constitutional amendment exempts (1) inventory held by manufacturers, distributors, and retailers (inventory) and (2) vessels, including ships, oceangoing tugs, towboats, and barges, principally operated in Outer Continental Shelf Lands Act Waters (vessels) from ad valorem property taxes.

Proposed constitutional amendment establishes the Local Investment Fund (the Fund) and provides that, beginning in FY 2017-2018, the lesser of (1) \$500 million or (2) 15.625% of the total state sales and use tax revenues generated during the second immediately preceding fiscal year at the rates and bases existing as of June 30, 2015, as certified by the Revenue Estimating Conference as actual collections no later than Dec. 31 of the immediately preceding calendar year, shall be allocated from the state general fund to the Fund.

Proposed constitutional amendment provides that the Fund shall be distributed annually as provided by law solely on the basis of the total assessed value of other property as classified under Art. VII, §18 of the Constitution of La. in each parish in proportion to the total assessed valuation of other property as classified under Art. VII, §18 of the constitution throughout the state; and that, after deductions in each parish for retirement systems and commissions as authorized by law, the remaining funds, to the extent available, shall be distributed to the tax recipient bodies within the parish in Orleans Parish by the city treasurer of New Orleans and in all other parishes by the parish tax collector, who shall disburse the funds in accordance with a schedule prepared by the parish assessor as provided by law, to help offset a portion of the revenue loss due to the inventory and vessels exemptions and that, for distribution allocation purposes, other property as classified under Art. VII, §18 of this constitution shall include exempted inventory and vessels.

Present constitution requires all property subject to ad valorem property taxation to be reappraised and valued at intervals of not more than four years.

Present constitution provides that the total amount of ad valorem property taxes collected by any taxing authority in the year in which property is reappraised and revalued shall not be increased or decreased because of a reappraisal or valuation above or below the total amount of ad valorem taxes collected by that taxing authority in the year preceding implementation of the reappraisal and valuation.

Present constitution provides that the governing authority of the issuing political subdivision shall levy and collect or cause to be levied and collected on all taxable property in the political subdivision ad valorem taxes sufficient to pay principal and interest and redemption premiums, if any, on such bonds as they mature.

Proposed constitutional amendment provides that distributions from the Fund shall be considered by taxing authorities to be ad valorem taxes collected and to be collected and shall be taken into account when setting millage rates; and that bond millages levied to service general obligation bonds under the authority of Art. VI, §33(B) of the constitution or any other constitutional or statutory authority for the issuance of general obligation bonds shall share in the distributions from the Fund.

Proposed constitutional amendment provides that a political subdivision, as defined by Art. VI of this constitution, may incur debt by issuing negotiable bonds and may pledge for the payment of all or part of the principal and interest of such bonds the proceeds derived or to be derived from that portion of the funds received by it from the Fund.

Proposed constitutional amendment prohibits monies in the Fund from being used or appropriated for other purposes when adjustments are made to eliminate a state deficit.

Specifies submission of the amendment to the voters at the statewide election to be held on Nov. 18, 2016.

Effective January 1, 2017.

(Amends Art. VII, §4(A); Adds Const. Art. VII, §10(F)(4)(h), 10.15, and 21(C)(20) and (21))