
DIGEST

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HB 551 Original

2017 Regular Session

Price

Abstract: Authorizes political subdivisions to enter into cooperative endeavor agreements for payment in lieu of full taxes (PILOFT agreement) and provides for the hearings, terms and conditions, and responsibilities under the program.

Proposed law provides that the terms of any PILOFT agreement shall not be used or taken into consideration in calculating the minimum foundation program (MFP) of education in all public elementary and secondary schools.

Proposed law expresses legislative intent to provide local taxing bodies an alternative to industrial revenue bonds and lease-backs as incentive to attract new and expanded business. Specifies that proposed law is not a tax exemption but clarification that a private enterprise may substitute the value of its employees, payroll, and investment for a portion of its tax liability.

Proposed law authorizes a political subdivision and any other instrumentality levying an ad valorem tax (taxing body) to enter into Payment in Lieu of Full Taxes (PILOFT) agreements with private enterprises for economic development purposes by reducing the ad valorem tax liability or granting future credits against ad valorem tax liability or prior payments.

ADOPTION OF PILOFT AGREEMENTS

Proposed law provides that the taxing authority's participation in a PILOFT agreement shall be through a resolution adopted by the taxing authority or on behalf of the taxing authority. The PILOFT agreement shall only apply to participating taxing authorities. Requires a public hearing prior to adoption of the agreement, with public notice at least 14 days prior to the hearing. Requires that the notice inform the public where a copy of the draft PILOFT agreement may be obtained and the time and place of the hearing. Provides a 30-day period after the public hearing during which any person in interest may contest the legality of the PILOFT agreement. After that time, the agreement shall be valid and enforceable, no one shall have any cause of action, and no court shall have authority to inquire into matters pertaining to the legality or effectiveness of the agreement.

TERMS AND CONDITIONS OF PILOFT AGREEMENTS

Proposed law sets the term of the PILOFT agreement as not less than 10 years and not more than 40 years, with annual payments due by Dec. 31 of each year. A PILOFT agreement may contain such provisions as may be negotiated by the parties regarding specified costs, provided that any taxing authority desiring to enter into such agreement has found by resolution that the agreement fulfills a

public purpose such as economic development; the obligations of the private entity in the PILOFT agreement are substantive and substantial in return for the reduced tax obligation owed; and the public body has a reasonable and demonstrable expectation of receiving equivalent or greater value in exchange for the reduction of tax revenue over the life of the PILOFT agreement.

INDUSTRIAL TAX EXEMPTION PROGRAM

Proposed law authorizes the La. Board of Commerce and Industry to consider PILOFT agreements to reflect terms and conditions that are a component of an industrial property tax exemption. In such cases, where the resolution of the governing body or official has been passed as required in proposed law, the PILOFT agreement shall have full force and effect upon its use in an approved contract for exemption approved by the La. Board of Commerce and Industry and the governor. Provides that approval of a PILOFT agreement by the Board of Commerce and Industry and the governor shall be optional for a company that qualifies for an industrial tax exemption.

DUTIES OF ASSESSORS

Proposed law provides for the responsibilities of the parish tax assessor regarding a PILOFT agreement. The agreement shall be filed with the parish tax assessor and shall designate the first tax year it shall be effective. The assessor shall continue to assess the property at its assessed value, or, at the assessor's discretion, may consider the PILOFT agreement to be a compromise and settlement of an assessed valuation for the tax years provided under the agreement. Requires the assessor to indicate on the assessment rolls any property that is the subject of a PILOFT agreement. For purposes of the assessment versus payment, the assessor shall consider a reduced payment a comprised tax liability.

DUTIES OF SHERIFFS AND TAX COLLECTORS

Proposed law provides for the duties of the sheriff and ex-officio tax collector of the parish. Requires that tax bills are sent and collected in the amount agreed to in the PILOFT agreement and sent to participating taxing authorities at the same time as all other ad valorem taxes. Requires the parties to the PILOFT agreement to certify to the sheriff and ex-officio tax collector the amount to be collected each year. Requires the tax bill for nonparticipating taxing authorities to be rendered by the tax collector without regard to any PILOFT agreement.

Proposed law authorizes taxpayers to contest payments in excess of the agreed upon PILOFT amounts at the parish board of review, and at the district court level or higher if need. Requires payment of the noncontested portion of the tax bill, but does not require the contested portion of the tax bill to be paid while under review or appeal.

FAILURE TO COMPLY WITH AGREEMENT

Proposed law requires that all PILOFT agreements provide for consequences of failure of the private entity to comply with required conditions and to timely make PILOFT payments. Authorizes that penalties may include termination of the PILOFT agreement or monetary penalties. Requires the

sheriff and ex-officio tax collector to send a revised tax bill for the year of termination and each year thereafter for full taxes unless otherwise agreed to by the parties. Permits the property to be subject to the mortgage and lien provisions of present law unless otherwise specified in the PILOFT agreement.

TAX COMMISSION

Proposed law requires the La. Tax Commission to certify the rolls submitted with a PILOFT agreement payment noted without regard to the reduced payment notation by the assessor.

PARISH BOARD OF REVIEW

Proposed law requires the board of review for any parish to take into account the provisions of proposed law and honor the terms of any PILOFT agreement.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 17:97.3 and R.S. 33:9039.126-9039.135)