

2018 Regular Session

HOUSE BILL NO. 477

BY REPRESENTATIVE IVEY

TAX/AD VALOREM-EXEMPTION: (Constitutional Amendment) Provides for ad valorem property tax exemptions

1 A JOINT RESOLUTION

2 Proposing to amend Article VII, Section 21(F) and to add Article VII, Section 21(O) of the  
3 Constitution of Louisiana, to provide with respect to ad valorem property tax  
4 exemptions; to provide for exemptions for certain property of a manufacturing  
5 establishment or other entities; to establish an exemption for certain property subject  
6 to a cooperative endeavor agreement requiring payments in lieu of taxes; to provide  
7 for the term of exemptions; to provide relative to authorization for approval of  
8 exemptions; to require the legislature to provide by law for certain provisions  
9 concerning exemptions; to provide for requirements and limitations; to provide for  
10 submission of the proposed amendment to the electors; and to provide for related  
11 matters.

12 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members  
13 elected to each house concurring, that there shall be submitted to the electors of the state of  
14 Louisiana, for their approval or rejection in the manner provided by law, a proposal to  
15 amend Article VII, Section 21(F) and to add Article VII, Section 21(O) of the Constitution  
16 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 (F) Notwithstanding any contrary provision of this Section, ~~the State Board~~  
7 ~~of Commerce and Industry or its successor, with the approval of the governor, may~~  
8 ~~enter into contracts for the~~ there is hereby authorized an exemption from ad valorem  
9 taxes for the property of a new manufacturing establishment or an addition to an  
10 existing manufacturing establishment, ~~on such terms and conditions as the board,~~  
11 ~~with the approval of the governor, deems in the best interest of the state. The~~  
12 granting of an exemption shall be subject to approval of the governor.

13 (1) The exemption shall be for ~~an initial~~ a term of no more than ~~five~~ seven  
14 ~~calendar years, and may be renewed for an additional five years. However, for a~~  
15 specific project, upon the recommendation of the governor, an exemption in excess  
16 of seven years may be granted if approved by a favorable vote of two-thirds of the  
17 members of a committee of the legislature. All property exempted shall be listed on  
18 the assessment rolls and submitted to the Louisiana Tax Commission or its  
19 successor, but no taxes shall be collected thereon during the period of exemption.

20 (2) The terms "manufacturing establishment" and "addition" as used herein  
21 mean a new plant or establishment or an addition or additions to any existing plant  
22 or establishment which engages in the business of working raw materials into wares  
23 suitable for use or which gives new shapes, qualities or combinations to matter which  
24 already has gone through some artificial process.

25 (3) The legislature by law shall establish a program for implementation and  
26 governance of this exemption, which may include requirements for application for  
27 and approval of the granting of an exemption and additional eligibility requirements  
28 restricted to those that concern expectations for returns on investment for local  
29 governments. Any law establishing a procedure concerning the approval of an

1 exemption, once enacted, shall not be changed except by specific legislative  
2 instrument which receives a favorable vote of two-thirds of the elected members of  
3 each house of the legislature.

4 \* \* \*

5 (O) Property that is subject to a cooperative endeavor agreement between the  
6 owner and one or more taxing authorities which agreement requires the property  
7 owner to make payments in lieu of taxes as provided by law. The exemption shall  
8 not exceed ten years. However, an exemption may exceed the ten year limitation if  
9 recommended by the governor, and to the extent of the governor's recommendation.  
10 Property eligible for the exemption shall be as provided in Subparagraph (1) of this  
11 Paragraph.

12 (1)(a) Property of a new manufacturing establishment or an addition to an  
13 existing manufacturing establishment.

14 (b) A property subject to a cooperative endeavor agreement which has been  
15 approved by a committee of the legislature, as provided by law.

16 (2) The exemption authorized under this Paragraph shall be to the extent  
17 agreed to and provided for in the cooperative endeavor agreement. All property  
18 exempted shall be listed on the assessment rolls and submitted to the Louisiana Tax  
19 Commission.

20 (3) Except as otherwise provided herein, property subject to a contract of  
21 exemption pursuant to Paragraph (F) of this Section shall be ineligible for the  
22 exemption authorized under this Paragraph. However, an ad valorem taxing  
23 authority may negotiate and enter into a cooperative endeavor agreement with a  
24 property owner for payments in lieu of ad valorem taxes during the first two years  
25 of a contract of exemption pursuant to Paragraph (F) of this Section as provided by  
26 law.

27 (4) The terms "manufacturing establishment" and "addition" shall have the  
28 same meanings ascribed to them in Paragraph (F) of this Section.

1           (5) Before the execution of a cooperative endeavor agreement, the governing  
 2           authority of the taxing authority shall adopt a resolution with respect to its intention  
 3           to execute the agreement, which resolution may be considered for adoption only after  
 4           a public hearing held in accordance with the same public notice required for an  
 5           increase in a millage rate without voter approval as provided in Section 23(C) of this  
 6           Article.

7           Section 2. Be it further resolved that this proposed amendment shall be submitted  
 8 to the electors of the state of Louisiana at the statewide election to be held on November 6,  
 9 2018.

10           Section 3. Be it further resolved that on the official ballot to be used at the election,  
 11 there shall be printed a proposition, upon which the electors of the state shall be permitted  
 12 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as  
 13 follows:

14           Do you support an amendment concerning property tax exemptions for  
 15           manufacturing establishments and for property that is subject to an  
 16           agreement with local government allowing the property owner to make  
 17           payments instead of property taxes, including provisions for the terms of the  
 18           exemptions and authority for approval of exemptions? (Amends Art. VII,  
 19           Sec. 21(F); Adds Art. VII, Sec. 21(O))

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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)]

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**Abstract:** Provides for property tax exemptions for businesses, including the exemption for certain property of a manufacturing establishment (ITEP) and a new exemption for property that is subject to a cooperative endeavor agreement that requires the property owner to make payments in lieu of ad valorem taxes.

Present constitution authorizes the imposition of property taxes by local governments, school boards, and other special districts.

Present constitution authorizes a variety of exemptions from property tax.

Present constitution authorizes a property tax exemption for new manufacturing establishments and miscellaneous additions to existing establishments for an initial term of five years, with a five year renewal, hereinafter (ITEP exemption). The exemption is effectuated through a contract granted by the Board of Commerce and Industry, with the approval of the governor.

Proposed constitutional amendment removes from present constitution specific authority for the approval of the ITEP exemptions by the State Board of Commerce and Industry but retains authority for approval by the governor.

Proposed constitutional amendment changes the limit on the term of the ITEP exemption from an initial five year term with a five year renewal to a term of seven years. Further, for a specific project, upon the recommendation of the governor, an exemption in excess of seven years may be granted if approved by a favorable vote of 2/3rds of the members of a legislative committee.

Proposed constitutional amendment changes present constitution by requiring the legislature to provide by law for a program governing various aspects of the exemption, which may include additional eligibility requirements restricted to those that concern expectations for returns on investment for local governments. Any law establishing a procedure concerning the authority to approve an exemption, once enacted, shall not be changed except by specific legislative instrument which receives a favorable vote of 2/3rds of the elected members of each house of the legislature.

Proposed constitutional amendment changes present constitution by establishing a new exemption for property subject to a cooperative endeavor agreement that requires the property owner to make payments in lieu of the property taxes imposed by a taxing authority that is a party to the agreement. The exemption shall not exceed 10 years in duration. However, an exemption may exceed the 10 year limitation if recommended by the governor, and to the extent of the governor's recommendation

Proposed constitutional amendment limits eligibility for the exemption to either a manufacturing establishment that qualifies for the ITEP exemption, or a property subject to a cooperative endeavor agreement that has been approved by a legislative committee. Proposed constitutional amendment further prohibits eligibility for this exemption for a manufacturing establishment that has a contract for the ITEP exemption, unless it is within the first two years of the exemption contract.

Proposed constitutional amendment requires that exempt properties be listed on the assessment rolls and that information concerning those properties be submitted to the La. Tax Commission.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 6, 2018.

(Amends Const. VII, 21(F); Adds Const. Art. VII, §21(O))