
DIGEST

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HB 477Original

2018 Regular Session

Ivey

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))