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## DIGEST

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HB 512 Original

2018 Regular Session

Ivey

**Abstract:** Authorizes any local taxing authority to enter into a cooperative endeavor agreement (CEA) with a property owner that requires payments in lieu of ad valorem taxes imposed by that local taxing authority and establishes requirements concerning eligibility and approvals.

Proposed law authorizes any local governmental subdivision or other taxing authority (hereinafter "taxing authority") to enter into a CEA that provides for payments in lieu of property taxes imposed by that taxing authority, subject to the approval of the governing body of the taxing authority as evidenced by the adoption of a resolution after a public hearing for that purpose, or in the case of a sheriff or assessor, other official indicia of approval, for that purpose.

Proposed law provides that for a CEA to be eligible for a payment in lieu of taxes arrangement which qualifies for the property tax exemption, the agreement shall be prepared by the secretary of the Dept. of Economic Development. The secretary may also assist taxing authority as deemed necessary by the taxing authority for purposes of development of the transaction. Further, the assessor shall be consulted during negotiation of the terms of the agreement.

Proposed law provides with respect to consideration of a proposed CEA by the Board of Commerce and Industry so that the board may issue a recommendation with regard to adoption or deferral of the agreement.

Proposed law requires that a public hearing be held prior to the adoption of a resolution for the approval of a CEA pursuant to proposed law. Public notice is required in the form of advertisement in the official journal of the taxing authority, or in the absence of an official journal, its local equivalent, at least once and no later than 14 days prior to the hearing. The public notice shall contain a copy of the draft CEA and the Board of Commerce and Industry's recommendation.

Proposed law provides that any property subject to an agreement shall be exempt from property taxes during the term of the agreement to the extent as is provided for in the agreement. The term of the agreement shall not exceed 10 years.

Proposed law limits eligibility for the exemption to either the property of a manufacturing establishment that qualifies for the industrial tax exemption, or a property that is subject to a CEA that has been approved by the Joint Legislative Committee on the Budget (JLCB).

Proposed constitutional amendment further prohibits eligibility for this exemption for a manufacturing establishment that has had a contract for the industrial tax exemption, unless it is within the first two years of the industrial tax exemption contract.

Proposed law requires that in order for a CEA to be considered by the JLCB the property owner shall demonstrate that the economic benefit to the jurisdiction of the taxing authority under the agreement will exceed 20 times the anticipated benefit of the agreement to the property owner, and that the activities of the property owner shall create at least 250 new jobs in the parish where the property is located.

Proposed law adds a requirement that exempt properties be listed on the assessment rolls and information concerning those properties is required to be submitted to the La. Tax Commission.

Proposed law requires that the status of satisfaction of payment and other requirements of each CEA be reported in the comprehensive annual financial report or other equivalent report of a taxing authority party to a CEA.

Proposed law provides that administrative provisions concerning the collection of monies due under an agreement shall be the same as those for property taxes. Further, the validity of an agreement, as well as any transaction contemplated thereby, may be determined by the filing of a suit as provided in present law, in the district court having jurisdiction for any party to the agreement in the same

manner and as though the agreement constitutes an issuance of bonds by the taxing authority.

Present law provides a definition for "cooperative endeavor agreement" as a form of economic development assistance between and among the state and local governments and other entities.

Proposed law retains present law and adds "agreements providing for payments in lieu of taxes" to the definition of "cooperative endeavor agreement".

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. \_\_\_\_ of this 2018 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 33:9021(8) and (10), and 9022(1); Adds R.S. 33:2758.1)