

2018 Regular Session

SENATE BILL NO. 148

BY SENATOR MORRELL

TAX EXEMPTIONS. Constitutional amendment to require local government approval of the industrial property tax exemption. (2/3 - CA13s1(A))

A JOINT RESOLUTION

Proposing to amend Article VII, Section 21(F) of the Constitution of Louisiana, relative to the industrial property tax exemption; to require local government approval of contracts pursuant to the industrial property tax exemption program; to reduce the renewal period for the exemptions granted pursuant to the program; to provide for the determination of best interest of the state; and to specify an election for submission of the proposition to electors and provide a ballot proposition.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 21(F) of the Constitution of Louisiana, to read as follows:

§21. Other Property Exemptions

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

* * *

(F)(1) Notwithstanding any contrary provision of this Section, the State

1 Board of Commerce and Industry or its successor, ~~with the approval of the governor,~~
2 may enter into contracts for the exemption from ad valorem taxes of a new
3 manufacturing establishment or an addition to an existing manufacturing
4 establishment; with the approval of the governor and the endorsement of the
5 sheriff, school board, assessor, municipality, and parish governing authority in
6 which the establishment is located, on such terms and conditions as the board, with
7 the approval of the governor and the endorsement of the sheriff, school board,
8 assessor, municipality, and parish governing authority in which the
9 establishment is located, ~~deems~~ determines to be in the best interest of the state.
10 The endorsement of the sheriff, school board, assessor, municipality, and parish
11 governing authority shall be as provided by law.

12 (2) Criteria for determining what is in the best interest of the state shall
13 be established by the State Board of Commerce and Industry. These criteria
14 shall include the number of new, permanent direct jobs created by the facility,
15 and may include retention of existing jobs upon a showing of compelling
16 circumstances as provided by the board.

17 (3)(a) The exemption shall be for an initial term of no more than five
18 calendar years, ~~and may be renewed for an additional five years.~~ All property
19 exempted shall be listed on the assessment rolls and submitted to the Louisiana Tax
20 Commission or its successor, ~~but no taxes shall be collected thereon~~ and up to one
21 hundred percent of the assessed valuation may be exempted from ad valorem
22 taxation during the period of exemption.

23 (b) After the initial term, the exemption may be renewed for up to three
24 additional years and property exempted shall be listed on the assessment rolls
25 and submitted to the Louisiana Tax Commission or its successor, and up to
26 eighty percent of the assessed valuation may be exempted from ad valorem
27 taxation during the renewal period.

28 (4) The terms "manufacturing establishment" and "addition" as used herein
29 mean a new plant or establishment or an addition or additions to any existing plant

1 or establishment which engages in the business of working raw materials into wares
2 suitable for use or which gives new shapes, qualities or combinations to matter which
3 already has gone through some artificial process.

4 * * *

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

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

12 Do you support an amendment to require local government endorsement of
13 tax exemptions granted under the industrial property tax exemption program,
14 to limit the renewal of the exemption to three years during which only eighty
15 percent of the value of the property may be exempt from taxation, and to
16 require that the Board of Commerce and Industry focus on new direct jobs
17 in determining if the exemption should be granted?

18 (Amends Article VII, Section 21(F))

The original instrument was prepared by Leonore F. Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by James Benton.

SB 148 Engrossed

DIGEST
2018 Regular Session

Morrell

Present constitution provides that all property is subject to ad valorem taxation unless specifically exempted.

Present constitution authorizes the State Board of Commerce and Industry, with gubernatorial approval, to enter into contracts to exempt new and expanding manufacturing facilities from ad valorem taxation.

Proposed constitutional amendment retains present constitution ability of the board to enter into contracts to exempt certain manufacturing facilities from certain ad valorem taxes but adds a requirement that the exemption receive the endorsement of the sheriff, school board, assessor, municipality, and parish governing authority in which the establishment is located. Provides that the endorsement of the sheriff, school board, assessor, municipality, and parish governing authority shall be as provided by law.

Present constitution authorizes a five-year renewal of up to a 100% exemption of ad valorem taxes that would otherwise be due.

Proposed constitutional amendment limits the renewal period to three years and limits the exemption to 80% of the assessed valuation.

Present constitution requires the board to take into account the best interests of the state when determining whether or not to grant an industrial property tax exemption.

Proposed constitutional amendment requires that the State Board of Commerce and Industry establish criteria for determining what is in the best interest of the state and that these criteria shall include the creation of new, permanent direct jobs.

Specifies submission of the amendment to the voters at the statewide election to be held on November 6, 2018.

(Amends Const. Art. VII, Sec. 21(F))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Adds assessors to the list of entities who must endorse the exemption.