
DIGEST

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HB 419 Original

2019 Regular Session

Ivey

Abstract: Amend Article VII of the La. Constitution in its entirety.

Present constitution authorizes taxation by the state, state debt, the state bond commission, the use of state funds. Present constitution further authorizes the following funds: the Wildlife and Fisheries Conservation Fund, the Louisiana Education Quality Trust Fund, the Coastal Protection and Restoration Fund, the Budget Stabilization Fund, the Higher Education Louisiana Partnership Fund, the Mineral Revenue Audit and Settlement Fund, the Oilfield Site Restoration Fund, the Oil Spill Contingency Fund, the Millennium Trust, the Louisiana Fund, the Millennium Leverage Fund, the Artificial Reef Development Fund, the Agricultural and Seafood Products Support Fund, the Hospital Stabilization Fund, the Louisiana Medical Assistance Trust Fund, the Revenue Stabilization Trust Fund, the dedication of mineral revenues, the Revenue Sharing Fund, and Transportation Trust Fund. Present constitution provides for the state budget and budgets, expenditure of state funds, the general reporting of monies, investments by the state treasury, and taxation.

Present constitution authorizes equal and uniform taxes to be levied on net income. Further authorizes the rates for these taxes to be graduated according to the amount of the taxpayer's net income; however, the state individual and joint income tax schedule of rates and brackets are prohibited from exceeding the rates and brackets as they existed on Jan. 1, 2003.

Present law provides for a tax to be assessed, levied, collected, and paid upon the taxable income of an individual at the following rates and brackets:

- (1) 2% on the first \$12,500 of net income.
- (2) 4% on the next \$37,500 of net income.
- (3) 6% on net income in excess of \$50,000.

Proposed constitutional amendment deletes the reference to the individual income tax rates and brackets in existence on Jan. 1, 2003, in favor of specifying that a state tax levied on individual income shall be levied at a flat rate which shall be established in law.

Present constitution authorizes federal income taxes paid to be allowed as a deductible item in computing state individual, estates and trusts, and corporate income taxes for the same period.

Proposed constitutional amendment changes present constitution by eliminating the deductibility of federal income taxes paid when computing individual, estates and trusts, and corporate income tax liability.

Proposed constitutional amendment retains present constitution.

Proposed constitutional amendment creates the State Cybersecurity and Information Technology Infrastructure Fund in the state treasury. Dedicates 0.0045% of monies in the state general fund that are not allocated to the Bond Redemption and Security Fund or pledged in connection with the issuance of bonds to be appropriated solely for purposes of enhancing and upgrading the state's information technology infrastructure and to support cybersecurity needs.

Proposed constitutional amendment provides that unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund. The money in the fund shall be invested as provided by law and any earnings realized on investment of money in the fund shall be deposited in and credited to the fund.

Proposed constitutional amendment authorizes the establishment of a committee to assist the legislature in consideration of priorities for the funding of information technology infrastructure projects through appropriations from the fund with consent of the majority of the legislature.

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

Proposed constitutional amendment authorizes two ad valorem property tax exemptions for new manufacturing establishments and additions to existing manufacturing establishments as follows:

- (1) A standard exemption which shall be for a term of 7 years which exempts a property from 80% of its property taxes. The standard exemption is subject to approval by the Board of Commerce and Industry with no additional approval requirement.
- (2) A non-standard exemption which shall be for a term longer than 7 years which exempts a property from more than 80% of its property taxes. The non-standard exemption is only available to applicants if offered by the governor. The non-standard exemption is subject to approval by the governor.

Proposed constitutional amendment retains present law related to listing property on tax assessment rolls and various definitions.

Present constitution authorizes the levy of ad valorem taxes on property within Louisiana.

Present constitution establishes an exemption from state, parish, and special ad valorem property taxes for the bona fide homestead of the property owner, for the first \$7,500 of assessed valuation.

Proposed constitutional amendment retains present constitution and adds authorization for a parish governing authority to adjust the amount of the homestead exemption by the adoption of a resolution or ordinance, to be effective only if approved by the electors of the parish. One time millage adjustments are required in instances where the homestead exemption is adjusted so as to ensure the same amount of revenue for taxing authorities.

Present constitution authorizes the State Board of Commerce and Industry to enter into exemption contracts with manufacturing establishments (ITEP contracts), on the terms and conditions of the board. Further requires approval of the contracts by the governor.

Proposed constitutional amendment changes authority to grant these exemptions from the State Board of Commerce and Industry to parish governing authorities to enter into ITEP contracts. Further requires a taxing authority to approve the exemption of its particular millage prior to execution of the exemption contract.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 12, 2019.

(Amends Article VII of the La. Constitution)