

2020 First Extraordinary Session

HOUSE BILL NO. 41

BY REPRESENTATIVE IVEY

TAX/AD VALOREM TAX: (Constitutional Amendment) Establishes an ad valorem tax exemption for capital investment projects and for certain property subject to a cooperative endeavor agreement requiring the property owner to make payments in lieu of taxes (Item #28)

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A JOINT RESOLUTION

Proposing to amend Article VII, Section 21(F) of the Constitution of Louisiana and to add Article VII, Section 21(O) of the Constitution of Louisiana, relative to ad valorem property tax exemptions; to establish exemptions for certain property; to establish exemptions for certain capital investment projects; to provide for the terms of exemptions; to provide for the amount of the exemptions; to provide authorization for approval of the exemptions; to provide for the administration of the exemptions; to provide for review by the Board of Commerce and Industry; to provide for approval from political subdivisions; to provide for gubernatorial approval; to establish an exemption for certain non-residential property subject to a cooperative endeavor agreement requiring payments in lieu of taxes; to provide for certain requirements and limitations; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

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 of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 21(F) and to add Article VII, Section 21(O) of the Constitution 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 exemption~~ there are hereby authorized standard, local, and
9 executive exemptions from ad valorem taxes ~~of a new manufacturing establishment~~
10 ~~or an addition to an existing manufacturing establishment, on such terms and~~
11 ~~conditions as the board, with the approval of the governor, deems in the best interest~~
12 ~~of the state.~~ for capital investment projects as follows:

13 (1) The standard exemption shall be for an initial a term of no more than five
14 eight calendar years; and may be renewed for an additional five years shall provide
15 for an ad valorem tax exemption of eighty percent of the property taxes of the capital
16 investment project. The granting of a standard exemption shall be reviewed by the
17 Board of Commerce and Industry, or its successor as provided by law, and shall be
18 subject to local approval as prescribed by law. Enactment of any law to administer
19 this exemption shall require a favorable vote of two-thirds of the elected members
20 of each house of the legislature.

21 (2) The local exemption shall be for a term of no more than fifteen years and
22 may provide for an ad valorem tax exemption of up to one hundred percent of the
23 property taxes of the capital investment project. The granting of a local exemption
24 shall be subject to local approval as prescribed by law. Enactment of any law to
25 administer this exemption shall require a favorable vote of two-thirds of the elected
26 members of each house of the legislature.

27 (3) The executive exemption shall be for a term determined by the governor
28 and may provide for an ad valorem tax exemption of up to one hundred percent of
29 the property taxes of the capital investment project. The granting of an executive

1 exemption shall require approval from the governor and shall be subject to local
 2 approval as prescribed by law. Enactment of any law to administer this exemption
 3 shall require a favorable vote of two-thirds of the elected members of each house of
 4 the legislature. All property exempted shall be listed on the assessment rolls and
 5 submitted to the Louisiana Tax Commission or its successor, but no taxes shall be
 6 collected thereon during the period of exemption.

7 The terms "manufacturing establishment" and "addition" as used herein mean
 8 a new plant or establishment or an addition or additions to any existing plant or
 9 establishment which engages in the business of working raw materials into wares
 10 suitable for use or which gives new shapes, qualities or combinations to matter which
 11 already has gone through some artificial process.

12 * * *

13 (O) One or more local government taxing authorities within a parish may
 14 enter into a joint or separate cooperative endeavor agreement for payments in lieu
 15 of taxes with any owner of non-residential immovable property located within the
 16 parish. The agreement shall provide for payments in lieu of taxes. Any cooperative
 17 endeavor agreement authorized by this Paragraph shall be for a term not to exceed
 18 forty years. Enactment of any law to administer this Paragraph shall require a
 19 favorable vote of two-thirds of the elected members of each house of the legislature.

20 Section 2. Be it further resolved that the Act that originated as Senate Bill No. 272
 21 of the 2020 Regular Session is hereby repealed, the amendment to the constitution proposed
 22 in such Act is hereby withdrawn, and the secretary of state is hereby ordered not to include
 23 the proposition contained in that Act on the ballot on November 3, 2020.

24 Section 3. Be it further resolved that this proposed amendment shall be submitted
 25 to the electors of the state of Louisiana at the statewide election to be held on November 3,
 26 2020.

27 Section 4. Be it further resolved that on the official ballot to be used at the election,
 28 there shall be printed a proposition, upon which the electors of the state shall be permitted

1 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
2 follows:

3 Do you support an amendment to authorize property tax exemptions for
4 capital investment projects, to provide for the approval, terms, and amounts
5 of the exemptions, and to authorize the legislature to provide for the
6 administration of the exemptions by law and to grant a property tax
7 exemption for non-residential property subject to a cooperative endeavor
8 agreement with local taxing authorities allowing the property owner to make
9 payments in place of property taxes and to require a two-thirds vote of the
10 legislature to enact laws related to the exemption? (Amends Article VII,
11 Section 21(F); Adds Article VII, Section 21(O))

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)]

HB 41 Engrossed

2020 First Extraordinary Session

Ivey

Abstract: Establishes an ad valorem tax exemption for certain capital investment projects and non-residential immovable property subject to a cooperative endeavor agreement that requires the property owner to make payments in lieu of ad valorem taxes.

Present constitution authorizes a property tax exemption for new manufacturing establishments and 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 three ad valorem property tax exemptions for capital investment projects as follows:

- (1) A standard exemption for a term of eight calendar years for 80% of property taxes. The exemption is subject to review by the Board of Commerce and Industry. This exemption is subject to local approval as provided by law.
- (2) A local exemption for a term of no more than 15 calendar years for up to 100% of property taxes. This exemption requires the approval of local taxing authorities as provided by law.
- (3) An executive exemption for a term determined by the governor for up to 100% of property taxes. This exemption requires approval of the governor and is subject to local approval as provided by law.

Proposed constitutional amendment also requires that any law enacted to administer any of the new exemptions requires a favorable vote of two-thirds of the elected members of each house of the legislature.

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

Present constitution establishes a list of exclusive ad valorem tax exemptions.

Proposed constitutional amendment changes present constitution by creating an exemption for non-residential immovable property subject to a cooperative endeavor agreement requiring the property owner to make payments in lieu of the ad valorem taxes imposed by a taxing authority party to the agreement.

Proposed constitutional amendment requires the legislature to provide for the implementation of proposed constitutional amendment, including the non-residential immovable property eligible for the exemption.

Proposed constitutional amendment requires that any law enacted to implement this payment in lieu of taxes will require a two-thirds vote of both houses of the legislature.

Proposed constitutional amendment repeals the Act that originated as Senate Bill No. 272 of the 2020 R.S. and instructs the secretary of state to remove the proposition from the ballot on Nov. 3, 2020.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 3, 2020.

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

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Change the type of property eligible for the cooperative endeavor agreements from all non-residential property to non-residential immovable property.
2. Remove provisions requiring property subject to the cooperative endeavor agreement be listed on the assessment rolls and submitted to the Louisiana Tax Commission.
3. Add provisions repealing the Act that originated as Senate Bill No. 272 of the 2020 Regular Session.
4. Make technical changes.