

2020 First Extraordinary Session

HOUSE BILL NO. 50

BY REPRESENTATIVE IVEY

TAX/AD VALOREM TAX: Authorizes local taxing authorities to enter into cooperative endeavor agreements that provide for payments in lieu of taxes (Item #28)

1 AN ACT

2 To amend and reenact R.S. 33:9022(1) and to enact R.S. 33:2759, relative to payments in  
3 lieu of ad valorem taxes; to authorize local ad valorem taxing authorities to enter into  
4 cooperative endeavor agreements that provide for payments in lieu of taxes; to  
5 provide for the terms of the cooperative endeavor agreement; to provide for the  
6 calculation of an abatement; to provide for an approval process; to provide for  
7 certain processes; to provide for certain definitions; to provide for certain  
8 requirements and limitations; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 33:9022(1) is hereby amended and reenacted and R.S. 33:2759 is  
11 hereby enacted to read as follows:

12 §2759. Cooperative endeavor agreements authorizing payments in lieu of ad  
13 valorem taxes

14 A. For the public purpose of supporting and encouraging economic  
15 development within any parish, by addressing infrastructure needs and providing a  
16 fiscal impact through economic development projects, one or more local  
17 governmental subdivisions or any other entities having taxing authority within the  
18 parish may execute a joint or separate cooperative endeavor agreement with any  
19 owner of non-residential immovable property located within the parish. The  
20 agreement shall provide for negotiated payments in lieu of ad valorem taxes in the

1 form of an abatement, subject to the authority granted pursuant to Article VII,  
2 Section 21(O) of the Constitution of Louisiana and this Section.

3 B.(1) The terms for cooperative endeavor agreements providing for  
4 payments in lieu of taxes shall be limited to advance cash payments in exchange for  
5 an abatement which shall be used to offset future tax liability as provided in the  
6 cooperative endeavor agreement. The abatement shall equal the amount of the  
7 advance cash payment plus the calculated amortized accrued interest. The interest  
8 rate shall equal an amount not to exceed the judicial interest rate as provided in R.S.  
9 13:4202 plus two percent. The cooperative endeavor agreement shall include the  
10 abatement schedule. Within ten days of the execution of the agreement, a copy of the  
11 agreement shall be submitted to the assessor.

12 (2) Cooperative endeavor agreements may be executed by any local  
13 governmental subdivision or subdivisions or other taxing authorities only after  
14 approval by the taxing authority evidenced by a resolution adopted by the taxing  
15 authority, for itself and all districts and subunits created by it respectively, or by  
16 resolution of any other statutory taxing authorities or by letter of approval of the  
17 sheriff approving the form and terms of the agreement.

18 (3) A public hearing shall be conducted by a taxing authority before adoption  
19 of any resolution approving a cooperative endeavor agreement providing for  
20 payments in lieu of taxes. Notice of the hearing and the proposed resolution shall be  
21 published in the official journal of the applicable taxing authority at least once, no  
22 later than fourteen days prior to the hearing, or if there is no official journal of the  
23 taxing authority, in the official journal of the parish where the non-residential  
24 immovable property is located. The notice shall inform the public where a copy of  
25 the proposed cooperative endeavor agreement may be obtained and the time and  
26 place of the hearing.

27 (4) The cooperative endeavor agreement shall apply only to those taxing  
28 authorities that are parties to the agreement. Any non-participating taxing authority

1        shall not be bound by the agreement and its ad valorem taxes shall continue to be  
2        billed and collected without regard to the provisions of this Section.

3                (5) Any taxing authority that is considering executing a cooperative endeavor  
4        agreement providing for payments in lieu of taxes may submit a request to the  
5        Department of Economic Development, hereinafter referred to as the "department",  
6        for advice and consideration before entering into the agreement. Upon request, the  
7        department shall provide any findings and advice to the taxing authority within thirty  
8        days from the date the request is received. The evaluation findings and advice  
9        provided by the department shall not be binding on any taxing authority.

10               C. Any property subject to a cooperative endeavor agreement that provides  
11        for payments in lieu of taxes shall remain on the assessment rolls for the parish or  
12        parishes where the property is located. The assessor shall record the abatement  
13        schedule and provide for the application of the abatement to future property tax  
14        liabilities as provided for in the cooperative endeavor agreement for payments in lieu  
15        of taxes.

16               D. Payment obligations, transferability, collection procedures, which may  
17        include the designation of a collector, and any other matters relating to the payment  
18        and collection of payment shall be set forth in the cooperative endeavor agreement.

19                                \*        \*        \*

20        §9022. Definitions

21                The following terms, whenever used or referred to in this Chapter, shall have  
22        the following meaning unless a different meaning is otherwise clearly indicated in  
23        the context:

24                (1) "Cooperative endeavors" means any form of economic development  
25        assistance between and among the state, its local governmental subdivisions,  
26        political corporations, public benefit corporations, the United States or its agencies,  
27        or any public or private association, corporation, or individual. The term  
28        "cooperative endeavors" shall include but not be limited to cooperative financing,

1 cooperative development, agreements providing for payments in lieu of taxes, or any  
2 other form of cooperative economic development activity.

3 \* \* \*

4 Section 2. This Act shall take effect and become operative if and when the proposed  
5 amendment of Article VII, Section 21(O) of the Constitution of Louisiana contained in the  
6 Act which originated as House Bill No. 38 of this 2020 First Extraordinary Session of the  
7 Legislature is adopted at a statewide election and becomes effective.

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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)]

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HB 50 Reengrossed                      2020 First Extraordinary Session                      Ivey

**Abstract:** Authorizes local governmental subdivisions to enter into cooperative endeavor agreements that provide for payments in lieu of ad valorem taxes in the form of an abatement with owners of non-residential immovable property.

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 law authorizes local governmental subdivisions to enter into cooperative endeavor agreements for payments in lieu of ad valorem taxes in the form of an abatement with an owner of non-residential immovable property located within the parish.

Proposed law provides the terms of the cooperative endeavor agreement shall be limited to advance cash payments in exchange for an abatement which shall be used to offset future tax liability as provided for in the agreement.

Proposed law provides the abatement shall be equal to the amount of the cash advance payment plus the calculated amortized accrued interest. Proposed law further provides the interest rate shall not exceed the judicial interest rate as provided in present law (R.S. 13:4202) plus two percent.

Proposed law provides the cooperative endeavor agreement shall include the abatement schedule and a copy shall be submitted to the assessor within 10 days of the execution of the cooperative endeavor agreement.

Proposed law provides that cooperative endeavor agreements may be entered into by any local taxing authority after approval evidenced by a resolution adopted by the taxing authority or by letter of approval from the sheriff.

Proposed law requires that a public hearing be conducted by a taxing authority before adoption of any resolution approving a cooperative endeavor agreement providing for payments in lieu of taxes.

Proposed law requires notice of the hearing to be published no later than 14 days prior to the hearing. The notice shall inform the public where a copy of the proposed cooperative endeavor agreement may be obtained and the time and place of the hearing.

Proposed law provides that any cooperative endeavor agreement apply only to the taxing authorities that are parties to the agreement and that nonparticipating taxing authorities are not bound by the agreement.

Proposed law provides that before entering into a cooperative endeavor agreement providing for payments in lieu of taxes, a taxing authority shall submit a request to the Dept. of Economic Development (department) which shall respond to the taxing authority within 30 days from the date the request is received and that the findings and advice of the department is not binding.

Proposed law requires that any property subject to a cooperative endeavor agreement that provides for payments in lieu of taxes remain on the assessment rolls for the parish or parishes where the property is located.

Proposed law requires the assessor to record the abatement schedule and provide for the application of the abatement to future property tax liabilities as provided for in the cooperative endeavor agreements.

Proposed law provides that matters relating to the payment and collection of payments in lieu of taxes shall be set forth in the cooperative endeavor agreement.

Effective if and when the proposed addition of Article VII, Section 21(O) of the Constitution of Louisiana contained in the Act which originated as HB No. 38 of the 2020 First E.S. is adopted at the statewide election to be held on Nov. 3, 2020, and becomes effective.

(Amends R.S. 33:9022(1); Adds R.S. 33:2759)

#### Summary of Amendments Adopted by House

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

1. Add an abatement exemption.
2. Establish the calculation for the amount of the abatement.
3. Remove the provisions establishing the PILOT Advisory Committee.
4. Remove the provisions providing for the authority, membership, and responsibilities of the PILOT Advisory Committee.
5. Add provisions requiring the Dept. of Economic Development to assist in the cooperative endeavor agreement process.
6. Make technical changes.

The House Floor Amendments to the engrossed bill:

1. Make technical changes.