

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)

1 A JOINT RESOLUTION

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

15 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members
16 elected to each house concurring, that there shall be submitted to the electors of the state of
17 Louisiana, for their approval or rejection in the manner provided by law, a proposal to

1 amend Article VII, Section 21(F) and to add Article VII, Section 21(O) of the Constitution
2 of Louisiana, to read as follows:

3 §21. Other Property Exemptions

4 Section 21. In addition to the homestead exemption provided for in Section
5 20 of this Article, the following property and no other shall be exempt from ad
6 valorem taxation:

7 * * *

8 (F) Notwithstanding any contrary provision of this Section, ~~the State Board~~
9 ~~of Commerce and Industry or its successor, with the approval of the governor, may~~
10 ~~enter into contracts for the exemption~~ there are hereby authorized standard, local, and
11 executive exemptions from ad valorem taxes ~~of a new manufacturing establishment~~
12 ~~or an addition to an existing manufacturing establishment, on such terms and~~
13 ~~conditions as the board, with the approval of the governor, deems in the best interest~~
14 ~~of the state.~~ for capital investment projects in the form of an abatement as follows:

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

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

1 Act is withdrawn, and the secretary of state shall not print the proposition contained herein
2 on the ballot of the statewide election to be held on November 3, 2020.

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

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

2020 First Extraordinary Session

Ivey

Abstract: Establishes an ad valorem tax exemption in the form of an abatement 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 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.

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 changes present constitution by authorizing three ad valorem property tax exemptions in the form of abatements 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.

Proposed constitutional amendment changes present constitution by creating an exemption in the form of an abatement 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 program will require a two-thirds vote of both houses of the legislature.

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. Art. 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.

The House Floor Amendments to the engrossed bill:

1. Clarify the exemptions permitted by proposed constitutional amendment are in the form of an abatement.
2. Remove provisions repealing the Act that originated as Senate Bill No. 272 of the 2020 Regular Session.

3. Remove the provision providing that any cooperative endeavor agreement shall be for a term not to exceed forty years.
4. Add provisions that provide that proposed constitutional amendment shall be submitted to electors only if House Bill No. 54 of the 2020 First Extraordinary Session of the Legislature is enacted, and, if vetoed, is subsequently approved by the legislature.
5. Make technical changes.