HLS 21RS-182 ORIGINAL

2021 Regular Session

HOUSE BILL NO. 370

1

BY REPRESENTATIVE IVEY

TAX/AD VALOREM-EXEMPTION: (Constitutional Amendment) Establishes certain property tax exemptions for capital investment projects

A JOINT RESOLUTION

2 Proposing to amend Article VII, Section 21(F) of the Constitution of Louisiana, relative to 3 ad valorem property tax exemptions; to establish exemptions for certain property; to 4 establish exemptions for certain capital investment projects; to provide for the terms 5 of the exemptions; to provide for the amount of the exemptions; to provide authorizations for approval of the exemptions; to provide for the administration of 6 7 the exemptions; to provide for review by the Board of Commerce and Industry; to 8 provide for approval from political subdivisions; to provide for gubernatorial 9 approval; to provide for certain limitations and requirements; to provide for 10 submission of the proposed amendment to the electors; and to provide for related 11 matters. 12 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members 13 elected to each house concurring, that there shall be submitted to the electors of the state of 14 Louisiana, for their approval or rejection in the manner provided by law, a proposal to 15 amend Article VII, Section 21(F) of the Constitution of Louisiana, to read as follows: 16 §21. Other Property Exemptions 17 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 18 19 valorem taxation: 20

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1	(F) Notwithstanding any contrary provision of this Section, the State Board
2	of Commerce and Industry or its successor, with the approval of the governor, may
3	enter into contracts for the exemption there are hereby authorized standard, local, and
4	executive exemptions from ad valorem property taxes of a new manufacturing
5	establishment or an addition to an existing manufacturing establishment, on such
6	terms and conditions as the board, with the approval of the governor, deems in the
7	best interest of the state. for capital investment projects as follows:
8	(1) The <u>standard</u> exemption shall be for <del>an initial</del> <u>a</u> term of <del>no more than five</del>
9	eight calendar years, and may be renewed for an additional five years. All property
10	exempted shall be listed on the assessment rolls and submitted to the Louisiana Tax
11	Commission or its successor, but no taxes shall be collected thereon during the
12	period of exemption.
13	The terms "manufacturing establishment" and "addition" as used herein mean
14	a new plant or establishment or an addition or additions to any existing plant or
15	establishment which engages in the business of working raw materials into wares
16	suitable for use or which gives new shapes, qualities or combinations to matter which
17	already has gone through some artificial process. and shall exempt eighty percent of
18	the ad valorem property taxes of the capital investment project. The standard
19	exemption shall be reviewed by the Board of Commerce and Industry, or its
20	successor as provided by law, and shall be subject to local approval as prescribed by
21	<u>law.</u>
22	(2) The local exemption shall be for a term of no more than fifteen years and
23	may exempt up to one hundred percent of the property taxes of the capital investment
24	project. The local exemption shall be subject to local approval as prescribed by law.
25	(3) The executive exemption shall be for a term determined by the governor
26	and may exempt up to one hundred percent of the property taxes of the capital
27	investment project. The executive exemption shall require approval from the
28	governor and shall be subject to local approval as prescribed by law.

1 (4) The enactment of a law to administer any exemption authorized in this 2 Paragraph shall require a favorable vote of two-thirds of the elected members of each 3 house of the legislature. 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 8. 7 2022. 8 Section 3. Be it further resolved that on the official ballot to be used at the 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 authorize property tax exemptions for 13 capital investment projects, to provide for the approval, terms, and amounts 14 of the exemptions, and to authorize the legislature to provide for the 15 administration of the exemptions by law? (Amends Article VII, Section 16 21(F))

## **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 370 Original

2021 Regular Session

Ivey

**Abstract:** Establishes standard, local, and executive property tax exemptions for capital investment projects when the projects meet eligibility and approval standards pursuant to law.

<u>Present constitution</u> 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.

<u>Proposed constitutional amendment</u> 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, and is subject to local approval as provided by law.

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

(2) A local exemption for a term of no more than 15 calendar years for up to 100% of property taxes. The exemption is subject to local approval as provided by law.

(3) An executive exemption for a term determined by the governor for up to 100% of property taxes. The exemption requires approval of the governor and is subject to local approval as provided by law.

<u>Proposed constitutional amendment</u> 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 requires property to be listed on tax assessment rolls.

<u>Proposed constitutional amendment</u> repeals <u>present constitution</u>.

<u>Present constitution</u> defines "manufacturing establishment" as a new plant or establishment which engages in the business of working raw materials into wares suitable for use or which gives new shapes, qualities or combinations to matter which already has gone through some artificial process.

Proposed constitutional amendment repeals present constitution.

<u>Present constitution</u> defines addition as an addition to a plant or establishment which engages in the business of working raw materials into wares suitable for use or which gives new shapes, qualities or combinations to matter which already has gone through some artificial process.

<u>Proposed constitutional amendment</u> repeals <u>present constitution</u>.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 8, 2022.

(Amends Const. Art. VII, §21(F))