

2021 Regular Session

HOUSE BILL NO. 526

BY REPRESENTATIVE NELSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX: (Constitutional Amendment) Provides for state and local revenue

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A JOINT RESOLUTION

Proposing to amend Article VI, Sections 26(A) through (C), 27, and 29, Article VII, Sections 4(A), 11(C), 18(C) and (F)(1), 20(A)(1), 21(B) and (F), and 26(B), and Article VIII, Section (13)(B) and (C) of the Constitution of Louisiana, to add Article VI, Section 26.1 and Article VII, Sections 21(O) and 26(F) of the Constitution of Louisiana, and to repeal Article VI, Section 26(E) and Article VII, Sections 2.2, 21(C)(10) and (12), and 26(E) of the Constitution of Louisiana, relative to state and local revenue; to provide for parish ad valorem tax; to provide for parish ad valorem tax millages; to provide for the cost of uncompensated healthcare; to provide for municipal ad valorem tax; to provide for municipal ad valorem tax millages; to provide for the approval of the electors; to provide for the maximum sales and use tax rate to be levied by a local governmental subdivision or school board; to provide for bond security; to prohibit a tax on net income and capital; to provide for land valuation; to provide for an ad valorem tax exemption for certain business inventory; to provide for the homestead exemption; to provide for the amount of the homestead exemption; to provide for certain religious, burial, cultural, or educational ad valorem property tax exemptions; to provide for industrial manufacturing establishment ad valorem exemptions; to provide for an ad valorem tax exemption for items constituting business inventory; to provide for entities eligible for capital outlay funding; to provide for the Revenue Sharing Fund; to provide for the

1 Minimum Foundation Program; to provide for definitions; to provide for  
2 effectiveness; to provide for certain requirements and limitations; to provide for  
3 submission of the proposed amendment to the electors; and to provide for related  
4 matters.

5 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members  
6 elected to each house concurring, that there shall be submitted to the electors of the state of  
7 Louisiana, for their approval or rejection in the manner provided by law, a proposal to  
8 amend Article VI, Sections 26(A) through (C), 27, and 29 of the Constitution of Louisiana  
9 and to add Article VI, Section 26.1 of the Constitution of Louisiana, to read as follows:

10 §26. Parish Ad Valorem Tax

11 Section 26.(A) Parish Tax for General Purposes; Millage Limits; Increase.

12 The governing authority of a parish may levy annually an ad valorem tax for general  
13 purposes not to exceed ~~four~~ eight mills on the dollar of assessed valuation. ~~However,~~  
14 ~~in Orleans Parish the limitation shall be seven mills, and in Jackson Parish the~~  
15 ~~limitation shall be five mills.~~ Millage rates may be increased ~~in any parish when~~  
16 ~~approved by a majority of the electors voting thereon in an election held for that~~  
17 ~~purpose.~~ for general purposes up to the amount provided for in this Paragraph  
18 without approval of the electors.

19 (B) Millage Increase Not for General Purposes. ~~When the millage increase~~  
20 ~~is for other than general purposes, the~~ Millage rates may be increased in any parish  
21 for purposes other than general purposes when approved by a majority of the electors  
22 voting in an election held for that purpose. The proposition provided to electors for  
23 the purpose of increasing a millage pursuant to this Paragraph shall state the specific  
24 purpose or purposes for which the tax is to be levied and the length of time the tax  
25 is to remain in effect. All proceeds of the tax levied pursuant to this Paragraph shall  
26 be used solely for the purpose or purposes set forth in the proposition.

27 (C) Parish Tax in Municipality. The amount of the parish tax for general  
28 purposes which any parish, ~~except Orleans Parish,~~ may levy, without a vote of the  
29 electors, on property located wholly within any municipality which has a population

1 exceeding one thousand inhabitants according to the last federal decennial census,  
2 or other census authorized by law, and which provides and maintains a system of  
3 street paving, shall not exceed one-half the tax levy for general purposes.

4 \* \* \*

5 §26.1. Local responsibility for uncompensated healthcare costs

6 (A) Responsibility for uncompensated care provided by a hospital shall be  
7 borne by the governing authority of the parish in which the hospital that delivered  
8 the care is physically located. The governing authority of each parish may levy  
9 annually an ad valorem tax for the purposes of paying the cost provided in this  
10 Section. Nothing in this Section shall be construed to require the governing authority  
11 to cover the full cost of the care. The initial levy of the ad valorem tax authorized  
12 pursuant to this Section shall equal an amount sufficient to provide the same level  
13 of uncompensated care funding as the hospitals in the parish received in the last full  
14 fiscal year immediately prior to the effective date of this Section. The millage rate  
15 may be modified once the initial levy expires, and any renewal of the levy shall  
16 require approval by a majority of the electors in the parish voting in an election held  
17 for that purpose.

18 (B) For the purposes of this Section, "uncompensated care" shall mean the  
19 difference between the amount billed by a hospital for services rendered to a patient  
20 and the amount of payment received, if any.

21 \* \* \*

22 §27. Municipal Ad Valorem Tax

23 Section 27.(A) Municipal Tax for General Purposes; Millage Limits;  
24 Increase. The governing authority of a municipality may levy annually an ad  
25 valorem tax for general purposes not to exceed ~~seven~~ fourteen mills on the dollar of  
26 assessed valuation. However, if a municipality, by its charter or by law, is exempt  
27 from payment of parish taxes or, under legislative or constitutional authority,  
28 maintains its own public schools, it may levy an annual tax not to exceed ~~ten~~ twenty  
29 mills on the dollar of assessed valuation. Millage rates may be increased in any



1           ~~(C)~~ Bonds; Security. Nothing in this Section shall affect any sales or use tax  
2 authorized or imposed on the effective date of this constitution or prior to an  
3 amendment to this Section, or affect or impair the security of any bonds payable  
4 from the proceeds of the tax.

5           ~~(D)~~ (C) Exemptions; Protection of Bonds. Except when bonds secured  
6 thereby have been authorized, the legislature may provide for the exemption or  
7 exclusion of any goods, tangible personal property, or services from sales or use  
8 taxes only pursuant to one of the following:

9           (1) Exemptions or exclusions uniformly applicable to the taxes of all local  
10 governmental subdivisions, school boards, and other political subdivisions whose  
11 boundaries are not coterminous with those of the state.

12           (2) Exemptions or exclusions applicable to the taxes of the state or  
13 applicable to political subdivisions whose boundaries are coterminous with those of  
14 the state, or both.

15           (3) Exemptions or exclusions uniformly applicable to the taxes of all the tax  
16 authorities in the state.

17       Section 2. Be it resolved by the Legislature of Louisiana, two-thirds of the members  
18 elected to each house concurring, that there shall be submitted to the electors of the state of  
19 Louisiana, for their approval or rejection in the manner provided by law, a proposal to  
20 amend Article VII, Sections 4(A), 18(C) and (F)(1), 20(A)(1), 21(B) and (F), and 26(B) of  
21 the Constitution of Louisiana and to add Article VII, Sections 21(O) and 26(F) of the  
22 Constitution of Louisiana, to read as follows:

23       §4. Income Tax; Severance Tax; Political Subdivisions

24           Section 4.(A) Income Tax. ~~Equal and uniform taxes may be levied on net~~  
25 ~~incomes, and these taxes may be graduated according to the amount of net income.~~  
26 ~~However, the state individual and joint income tax schedule of rates and brackets~~  
27 ~~shall never exceed the rates and brackets set forth in Title 47 of the Louisiana~~  
28 ~~Revised Statutes on January 1, 2003. Federal income taxes paid shall be allowed as~~

1 a deductible item in computing state income taxes for the same period. No taxes may  
2 be levied on net income or capital.

3 \* \* \*

4 §18. Ad Valorem Taxes

5 Section 18.

6 \* \* \*

7 (C) Use Value. Bona fide agricultural, horticultural, ~~marsh~~, and timber  
8 lands, as defined by general law, shall be assessed for tax purposes at ten percent of  
9 use value rather than fair market value. The legislature may provide by law similarly  
10 for buildings of historic architectural importance.

11 \* \* \*

12 (F) Reappraisal. (1) All property subject to taxation shall be reappraised  
13 and valued annually in accordance with this Section, ~~at intervals of not more than~~  
14 ~~four years.~~

15 \* \* \*

16 §20. Homestead Exemption

17 (A) Homeowners.

18 (1)(a) The bona fide homestead, consisting of a tract of land or two or more  
19 tracts of land even if the land is classified and assessed at use value pursuant to  
20 Article VII, Section 18(C) of this constitution, with a residence on one tract and a  
21 field with or without timber on it, pasture, or garden on the other tract or tracts, not  
22 exceeding one hundred sixty acres, buildings and appurtenances, whether rural or  
23 urban, owned and occupied by any person or persons owning the property in  
24 indivision, shall be exempt from state, parish, and special ad valorem taxes ~~to the~~  
25 ~~extent of seven thousand five hundred dollars of the assessed valuation.~~ as follows:

26 (i) Beginning January 1, 2023, to the extent of six thousand one hundred  
27 twenty-five dollars of the assessed valuation.

28 (ii) Beginning January 1, 2024, to the extent of four thousand seven hundred  
29 fifty dollars of the assessed valuation.



1 ~~and which uses the equipment solely for health care purposes at the hospital,~~  
2 ~~provided that the property shall be exempt only during the term of the lease to such~~  
3 ~~corporation or association, and further provided that "small, rural hospital" shall~~  
4 ~~mean a hospital which meets all of the following criteria:~~

5 ~~(aa) It has less than fifty Medicare-licensed acute care beds.~~

6 ~~(bb) It is located in a municipality with a population of less than ten~~  
7 ~~thousand which has been classified as an area with a shortage of health manpower~~  
8 ~~by the United States Health Service; and~~

9 ~~(b) property leased to such a nonprofit corporation or association for use~~  
10 ~~solely as housing for homeless persons, as defined by regulation adopted by the tax~~  
11 ~~commission or its successor provided that the term of such lease shall be for at least~~  
12 ~~five years, that as a condition of entering into the lease the property be in compliance~~  
13 ~~with all applicable health and sanitation codes for use as housing for homeless~~  
14 ~~persons, that the lease shall provide that compensation to be paid the lessor shall not~~  
15 ~~exceed one dollar per year, and that such contract of lease shall recite that the~~  
16 ~~property shall be used exclusively for the purpose of housing the homeless, and~~  
17 ~~further provided that at such time as the property is no longer used solely as housing~~  
18 ~~for homeless persons, the property shall no longer be exempt from taxation;~~

19 ~~(2) property of a bona fide labor organization representing its members or~~  
20 ~~affiliates in collective bargaining efforts; and~~

21 ~~(3) property of an organization such as a lodge or club organized for~~  
22 ~~charitable and fraternal purposes and practicing the same, and property of a nonprofit~~  
23 ~~corporation devoted to promoting trade, travel, and commerce, and also property of~~  
24 ~~a trade, business, industry or professional society or association, if that property is~~  
25 ~~owned by a nonprofit corporation or association organized under the laws of this~~  
26 ~~state for such purposes.~~

27 None of the property or any portion of the property listed in Paragraph (B)  
28 this Paragraph shall be exempt if owned, operated, leased, held, or used for  
29 commercial or other non-exempt purposes unrelated to the exempt purposes of the







1 Section 3. Be it resolved by the Legislature of Louisiana, two-thirds of the members  
2 elected to each house concurring, that there shall be submitted to the electors of the state of  
3 Louisiana, for their approval or rejection in the manner provided by law, a proposal to  
4 amend Article VII, Section 11(C) of the Constitution of Louisiana, to read as follows:

5 §11. Budgets

6 Section 11.

7 \* \* \*

8 (C) Capital Budget. The governor shall submit to the legislature, at each  
9 regular session, a proposed five-year capital outlay program and request  
10 implementation of the first year of the program. Prior to inclusion in the  
11 comprehensive capital budget which the legislature adopts, each capital improvement  
12 project shall be evaluated through a feasibility study, as defined by the legislature,  
13 which shall include an analysis of need and estimates of construction and operating  
14 costs. The legislature shall provide by law for procedures, standards, and criteria for  
15 the evaluation of such feasibility studies and shall set the schedule of submission of  
16 such feasibility studies which shall take effect not later than December thirty-first  
17 following the first regular session convening after this Paragraph takes effect. These  
18 procedures, standards, and criteria for evaluation of such feasibility studies cannot  
19 be changed or altered except by a separate legislative instrument approved by a  
20 favorable vote of two-thirds of the elected members of each house of the legislature.  
21 For those projects not eligible for funding under the provisions of Article VII,  
22 Section 27 of this constitution, the request for implementation of the first year of the  
23 program shall include a list of the proposed projects in priority order based on the  
24 evaluation of the feasibility studies submitted. Capital outlay projects approved by  
25 the legislature shall be made a part of the comprehensive state capital budget, which  
26 shall be adopted by the legislature. Beginning July 1, 2023, nongovernmental entity  
27 projects shall be ineligible for capital outlay funding.

28 \* \* \*

1 Section 4. Be it resolved by the Legislature of Louisiana, two-thirds of the members  
2 elected to each house concurring, that there shall be submitted to the electors of the state of  
3 Louisiana, for their approval or rejection in the manner provided by law, a proposal to  
4 amend Article VIII, Section 13(B) and (C) of the Constitution of Louisiana, to read as  
5 follows:

6 §13. Funding; Apportionment

7 \* \* \*

8 (B) Minimum Foundation Program. (1) The State Board of Elementary and  
9 Secondary Education, or its successor, shall annually develop and adopt a formula  
10 which shall be used to determine the cost of a minimum foundation program of  
11 education in all public elementary and secondary schools as well as to equitably  
12 allocate the funds to parish and city school systems. The cost of the program shall  
13 be shared by the state and each city, parish, and other local public school board as  
14 provided in this Paragraph. Such The formula shall provide that cities, parishes, and  
15 other local public school districts having lower total ad valorem property tax value  
16 per student within their boundaries shall receive a higher proportionate share of the  
17 state's share of the program funding ~~for a contribution by every city and parish~~  
18 ~~school system~~. Prior to approval of the formula by the legislature, the legislature  
19 may return the formula adopted by the board to the board and may recommend to the  
20 board an amended formula for consideration by the board and submission to the  
21 legislature for approval.

22 (2)(a) ~~The~~ Prior to Fiscal Year 2023-2024, the legislature shall annually  
23 appropriate funds sufficient to fully fund the current cost to the state of such a  
24 program as determined by applying the approved formula in order to insure a  
25 minimum foundation of education in all public elementary and secondary schools.

26 (b) The legislature shall appropriate the following amounts of state general  
27 fund monies to fund the state's share of the program funding established pursuant to  
28 this Section:

1           (i) For Fiscal Year 2023-2024, no more than three billion five hundred  
2           seventy-five million dollars.

3           (ii) For Fiscal Year 2024-2025, no more than three billion two hundred fifty-  
4           three million dollars.

5           (iii) For Fiscal Year 2025-2026, no more than two billion nine hundred  
6           thirty-two million dollars.

7           (iv) For Fiscal Year 2026-2027, no more than two billion six hundred ten  
8           million dollars.

9           (c) For each Fiscal Year after 2026-2027, the maximum amount of state  
10           general fund monies that may be appropriated to fund the state's share of program  
11           funding shall be two billion six hundred ten million dollars. This maximum may be  
12           increased by up to two percent at the discretion of the legislature through an  
13           appropriation in the general appropriation bill. When an increase in the amount is  
14           adopted, the new total amount shall constitute a new maximum for the purposes of  
15           this Subsubparagraph. Each ensuing new maximum may also be increased by up to  
16           two percent as provided in this Subsubparagraph.

17           (d) The difference between the total program cost to the city, parish, or other  
18           local public school board, as applicable, and the amount of state funding it receives  
19           each year pursuant to the formula shall be funded by the city, parish, or other local  
20           public school board with self-generated revenues.

21           (e) Neither the governor nor the legislature may reduce ~~such~~ any  
22           appropriation made pursuant to this Subparagraph, except that the governor may  
23           reduce such appropriation using means provided in the ~~act~~ Act containing the  
24           appropriation provided that any such reduction is consented to in writing by  
25           two-thirds of the elected members of each house of the legislature. The funds  
26           appropriated shall be equitably allocated to parish and city school systems according  
27           to the formula as adopted by the State Board of Elementary and Secondary  
28           Education, or its successor, and approved by the legislature prior to making the  
29           appropriation.

1           (3) Whenever the legislature fails to approve the formula most recently  
 2 adopted by the board, or its successor, the last formula adopted by the board, or its  
 3 successor, and approved by the legislature shall be used for the determination of the  
 4 cost of the minimum foundation program and for the allocation of funds  
 5 appropriated. The maximum state funding amounts established in Subsubparagraphs  
 6 (2)(b) and (c) of this Paragraph shall apply to any formula that becomes effective,  
 7 regardless of whether the formula was established prior to the effective date of  
 8 Subsubparagraphs (2)(b) and (c) of this Paragraph.

9           (C) Local Funds. Local funds for the support of elementary and secondary  
 10 schools shall be derived from the following sources:

11           ~~First: Each parish school board, Orleans Parish excepted, and each~~  
 12 ~~municipality or city school board~~ (1)(a) For the tax years beginning January 1, 2023,  
 13 2024, 2025, and 2026, each city, parish, or other local public school board actually  
 14 operating, maintaining, or supporting a separate system of public schools, shall may  
 15 levy annually an ad valorem maintenance tax not to exceed five mills on the dollar  
 16 of assessed valuation on property subject to such taxation within the applicable  
 17 parish, or city, respectively or local public school district, without the approval of the  
 18 electors. The millage rate of any tax levied pursuant to the provisions of this  
 19 Subparagraph shall be sufficient to generate an amount of revenue at least equal to  
 20 the sum of:

21           (i) The total amount of revenue generated by the ad valorem taxes levied by  
 22 the city, parish, or other local public school board for the last complete tax year  
 23 immediately prior to the effective date of this Subparagraph.

24           (ii) An amount equal to the difference between the total amount of state  
 25 funds the city, parish, or other local public school board received pursuant to the  
 26 provisions of this Section in the last complete fiscal year immediately prior to the  
 27 effective date of this Subparagraph and the total amount of state funds the city,  
 28 parish, or other local public school board received pursuant to the provisions of this  
 29 Section.



1 Louisiana, for their approval or rejection in the manner provided by law, a proposal to repeal  
2 Article VI, Section 26(E) and Article VII, Sections 2.2, 21(C)(10) and (12), and 26(E) of  
3 the Constitution of Louisiana.

4 Section 6.(A) Be it further resolved that the provisions of the amendment contained  
5 in Sections 1, 2, 4, and, 5 of this Joint Resolution shall become effective January 1, 2023,  
6 and shall be applicable to taxable years beginning on or after January 1, 2023.

7 (B) Be it further resolved that the provisions of the amendment contained in Section  
8 3 of this Joint Resolution shall become effective July 1, 2023.

9 Section 7. Be it further resolved that this proposed amendment shall be submitted  
10 to the electors of the state of Louisiana at the statewide election to be held on November 8,  
11 2022.

12 Section 8. Be it further resolved that on the official ballot to be used at the election,  
13 there shall be printed a proposition, upon which the electors of the state shall be permitted  
14 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as  
15 follows:

16 Do you support an amendment to repeal sales and use tax exemptions on  
17 food for home consumption, residential utilities, and prescription drugs; limit  
18 the amount of millages a parish can increase for general purposes not to  
19 exceed eight mills without a vote of the electorate; to require parishes to  
20 assume the costs of uncompensated healthcare; to levy a tax to pay for  
21 uncompensated care; to limit the amount of millages a municipality can  
22 increase for general purposes not to exceed fourteen mills without a vote of  
23 the electorate; to limit the amount of sales and use taxes local governmental  
24 subdivisions and school boards may levy to three percent; to repeal income  
25 tax; to prohibit tax on net income or capital; to remove marsh lands from  
26 lands eligible for use valuation for purposes of property tax; to decrease the  
27 value of the homestead exemption over four years; to repeal certain ad  
28 valorem property tax exemptions for property owned by certain charitable,  
29 religious, health, or welfare organizations; to provide an ad valorem tax



1 exemption for certain property owned by certain cultural organizations; to  
 2 prohibit any new industrial tax exemption contracts and to prohibit any  
 3 renewal of any industrial tax exemption contract; to exempt certain items  
 4 constituting business inventory from ad valorem property taxation; to  
 5 prohibit nongovernmental entities from using capital outlay funding; to  
 6 decrease the amount of money appropriated to the Revenue Sharing Fund;  
 7 to reduce the maximum amount of state funding provided to a minimum  
 8 foundation program for K-12 education; to require city, parish, or other local  
 9 public school boards to cover the nonstate portion of required minimum  
 10 foundation program funding; and to authorize city, parish, or other local  
 11 public school boards to levy an ad valorem tax to cover the cost? (Effective  
 12 January 1, 2023, except for provisions repealing nonstate entity capital outlay  
 13 funding are effective July 1, 2023) (Amends Article VI, Sections 26(A)  
 14 through (C), 27, and 29, Article VII, Sections 4(A), 11(C), 18(C) and (F)(1),  
 15 20(A)(1), 21(B) and (F), and 26(B), and Article VIII Section (13)(B) and (C);  
 16 Adds Article VI, Section 26.1 and Article VII, Sections 21(O) and 26(F);  
 17 Repeals Article VI, Section 26(E), Article VII, Sections 2.2, 21(C)(10) and  
 18 (12), and 26(E)

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 526 Original

2021 Regular Session

Nelson

**Abstract:** Provides relative to state and local revenue.

**Parish Ad Valorem Tax**

Present constitution authorizes the governing authority of a parish to levy an ad valorem tax for general purposes not to exceed four mills. Permits increasing millage rates when approved by a majority of electors voting in an election held for that purpose.

Present constitution provides when a parish governing authority increases the millage other than for general purposes the increase shall go to the electors of approval and the proposition must state the specific purpose for which the tax is to be levied and length of time for which the tax is to remain in effect.

Proposed constitutional amendment raises the maximum amount of mills that may be levied for general purposes by a governing authority of a parish from an amount not exceeding four mills to an amount not exceeding eight mills. Further provides that the governing authority of a parish may raise the amount of mills up to eight mills without approval of the voters.

Present constitution provides the maximum millage parish governing authority may levy in Orleans Parish is seven mills and five mills in Jackson Parish.

Proposed constitutional amendment repeals present constitution.

Effective Jan. 1, 2023.

### **Municipality Ad Valorem Tax**

Present constitution authorizes the governing authority of a municipality to levy an ad valorem tax for general purposes not to exceed seven mills. If a municipality is exempt from payment of parish taxes or under legislative or constitutional authority maintains its own public schools, it may levy an annual tax not to exceed ten mills. Permits increasing millage rates when approved by a majority of electors voting in an election held for that purpose.

Present constitution provides when a municipality governing authority increases the millage other than for general purposes the increase shall go to the electors of approval and the proposition must state the specific purpose for which the tax is to be levied and length of time for which the tax is to remain in effect.

Proposed constitutional amendment raises the maximum amount of mills that may be levied for general purposes by a governing authority of municipality from an amount not exceeding seven mills to an amount not exceeding 14 mills. Further provides that the governing authority of a parish may raise the amount of mills up to 14 mills without approval of the voters.

Proposed constitutional amendment increases the maximum millage that a municipality may levy when it is exempt from payment of parish taxes or under legislative or constitutional authority maintains its own public schools from ten to 20 mills.

Effective Jan. 1, 2023.

### **State Sales and Use Tax**

Present constitution provides for state sales and use tax exemptions on food for home consumption, residential utilities, and prescription drugs.

Proposed constitutional amendment repeals present constitution.

Effective Jan. 1, 2023.

### **Local Governmental Subdivision and School Board Sales and Use Tax**

Present constitution authorizes the governing authority of any local governmental subdivision or school board to levy and collect a sales and use tax if approved by a majority of the electors in an election held for that purpose. Further provides that the rate, when combined with all other sales and use taxes except those of the state shall not exceed three percent.

Proposed constitutional amendment retains present constitution.

Present constitution provides that the legislature by general local or special law may authorize the imposition of additional sales and use taxes by local governmental subdivisions or school boards if approved by a majority of electors.

Proposed constitutional amendment repeals present constitution.

Present constitution provides that no changes in sales tax shall affect or impair the security of any bonds payable from proceeds of any sales and use tax levied by a local governmental subdivision. Proposed constitutional amendment retains present constitution.

Effective Jan. 1, 2023.

### **Income Tax**

Present constitution authorizes the levy of equal and uniform taxes on net income. Further provides the taxes may be graduated according to the amount of net income.

Proposed constitutional amendment repeals present constitution and prohibits taxes on net income or capital.

Effective Jan. 1, 2023.

### **Capital Outlay**

Present law requires the governor to submit a capital outlay budget which implements the first year of the five-year capital outlay program and the bond authorization bill for the sale of bonds to fund projects included in the bond portion of the capital outlay bill to the legislature no later than the 8<sup>th</sup> day of each regular session.

Present law further provides general obligation bonds can fund both state and nongovernmental entity projects.

Proposed constitutional amendment prohibits nongovernmental entity projects from receiving capital outlay funding beginning July 1, 2023.

Effective July 1, 2023.

### **Ad Valorem Taxation**

Present constitution provides property subject to ad valorem taxation shall be reappraised and valued at intervals of not more than four years.

Proposed constitutional amendment repeals present constitution and provides property shall be appraised and valued annually.

Present constitution provides for the valuation of property at fair market value for purposes of determine ad valorem property tax.

Present constitution provides for certain property exemptions including an exemption for property owned by a nonprofit corporation or association organized and operated for religious, burial, charitable, health, welfare, fraternal, or educational purposes.

Proposed constitutional amendment changes the property exemption to exempt only property used exclusively for religious, burial, cultural, or educational purposes. Further provides the property shall be owned by a non profit corporation or association which no part of the net earnings inure to the benefit of any private shareholder or member.

Proposed constitutional amendment also provides that the property shall not be exempt if owned, operated, leased, held, or used for commercial or other non-exempt purposes. The

exemption shall be on a pro rata basis for the portion of the property exclusively utilized for an exempt purpose.

Present constitution also exempts irrevocably dedicated place of burial held by individuals for purposes of burial and property used for cultural, Mardi Gras carnival, or civic activities not operated for profit to the owners from property tax.

Proposed constitutional amendment repeals present constitution.

Present constitution provides the State Board of Commerce and Industry, with the approval of the governor, may enter into contracts for an ad valorem property tax exemptions for property of new manufacturing establishments or additions to manufacturing establishments. Further provides that these contracts shall be for an initial term of no more than five years and may be renewed for an additional five years.

Proposed constitutional amendment provides beginning on Jan. 1, 2023 new contracts and new renewals for exemptions for manufacturing establishments shall be prohibited.

Effective Jan. 1, 2023.

### **Homestead Exemption**

Present constitution provides for a homestead exemption on certain property which exempts property to the extent of \$7,000 of the assessed value of the property.

Proposed constitutional amendment gradually lowers the amount of valuation exempt from property tax as follows:

- (1) Beginning Jan. 1, 2023 the exemption shall be to the extent of \$6,125 of the assessed valuation.
- (2) Beginning Jan. 1, 2024, the exemption shall be to the extent of \$4,750 of the assessed valuation.
- (3) Beginning Jan. 1, 2025, the exemption shall be to the extent of \$3,375 of the assessed valuation.
- (4) Beginning Jan. 1, 2026 the exemption shall be to the extent of \$2,000 of the assessed valuation.

Present constitution provides the sum of \$90 million dollars to be allocated annually from the state general fund to the revenue sharing fund for the purpose of parish to offsetting current losses due to the homestead exemption authorized in present constitution. . Further provides the revenue sharing fund shall be distributed annually as provided by law based on the population and number of homesteads in each parish.

Present constitution authorizes the legislature to appropriate additional sums to the revenue sharing fund.

Proposed constitutional amendment changes present constitution and prohibits the legislature from appropriating additional sums to the revenue sharing fund.

Proposed constitutional amendment changes the allocation of monies to the revenue sharing fund to the following:

- (1) For FY 2023-2024, the sum of \$67,500,000 shall be allocated from the state general fund to the revenue sharing fund.
- (2) For FY 2024-2025, the sum of \$45,000,000 shall be allocated from the state general fund to the revenue sharing fund.
- (3) For FY 2025-2026, the sum of \$22,500,000 shall be allocated from the state general fund to the revenue sharing fund.

- (4) Beginning FY 2026-2027 and each subsequent fiscal year after, no state general fund monies shall be allocated to the revenue sharing fund.

Effective Jan. 1, 2023.

### **Bonded Debt**

Present constitution provides political subdivisions authority to incur debt by issuing negotiable bonds and may pledge for payments the proceeds received from the revenue sharing fund.

Proposed constitutional amendment repeals present constitution.

Effective Jan. 1, 2023.

### **Minimum Foundation Program**

Present constitution (Art. VIII, Section 13) establishes the Minimum Foundation Program (MFP), the process for establishing and allocating the cost of K-12 education. Proposed constitution retains present constitution, but makes significant changes to how the program works.

Present constitution requires the State Board of Elementary and Secondary Education (BESE) to annually develop and adopt a formula to determine the cost of K-12 education in all public elementary and secondary schools. Further requires the formula to equitably allocate the funds to parish and city school systems.

Present constitution provides that every city and parish school system must contribute to the cost of the program, but requires the state to pay the difference between the total cost and the local portion.

For fiscal years 2023-2024 and after, proposed constitutional amendment places maximum caps on the amount of state general fund monies that may be appropriated to fund the state's share of the cost of the MFP and requires city and parish school systems to pay the remainder of the cost.

Proposed constitutional amendment further requires BESE's proposed formula to provide for distribution of the state portion of the cost in a way that results in cities, parishes, and other local school systems with lower total taxable ad valorem property values receiving more state funding than cities, parishes, and other local school systems with higher total taxable ad valorem property values.

Present constitutional amendment places maximum caps on the amount of ad valorem taxes that parish and city school districts may levy to fund their portion of the annual MFP cost. Proposed constitutional amendment repeals these caps.

Proposed constitution establishes the following maximums on the state's use of general fund monies to fund the annual MFP cost:

- (1) For FY 2023-2024, no more than \$3,575,000,000.
- (2) For FY 2024-2025, no more than \$3,253,000,000.
- (3) For FY 2025-2026, no more than \$2,932,000,000.
- (4) For FY 2026-2027, no more than \$2,610,000,000.

For each fiscal year after 2026-2027, the maximum amount of state general fund monies is capped at \$2,610,000,000. Proposed constitutional amendment provides the legislature with the authority to increase this maximum by up to 2% through adoption of an increased amount in the general appropriation bill. Once an increase has been adopted, it shall

constitute the new maximum and may in turn be increased by 2% in the future, at the legislature's discretion, as provided in proposed constitutional amendment.

Present constitution prohibits reduction of any state general fund appropriation for the MFP cost, outside of certain circumstances. Proposed constitutional amendment retains present constitution.

Present constitution provides that if the legislature fails to approve BESE's most recently approved MFP formula, the last formula adopted by BESE and approved by the legislature shall be used for determination of the cost and for allocations of funds appropriated.

Proposed constitutional amendment further provides that the maximum state funding amounts established in proposed constitutional amendment shall apply to any formula that becomes effective, regardless of whether the formula was established prior to the effective date of proposed constitutional amendment.

Present constitution authorizes parishes to levy an ad valorem tax to fund their required contribution to the annual cost of the MFP as required by present constitution. Provides that such millages are capped as five mills on the dollar for every parish except Orleans and 13 mills on the dollar for Orleans.

Proposed constitution authorizes each city, parish, or other local public school board operating a separate system of public schools to levy an ad valorem tax to fund its share of the annual MFP cost. Provides that for the tax year beginning January 1, 2023, the tax shall be at a millage rate sufficient to generate income at least equal to:

- (1) The total amount of revenue generated by the ad valorem taxes levied by the city, parish, or other local public school district for the last complete tax year prior to the effective date of proposed constitution.
- (2) An amount sufficient to fund the difference between what the district receives pursuant to proposed constitution and the MFP cost.

Provides that any tax levied pursuant to this provision may not exceed 4 years and may be levied without a vote of the electors of the district.

Further provides that for the tax year beginning January 1, 2027, and continuing each year thereafter, the city, parish, or other local public school board may levy an ad valorem tax sufficient to fund its share of the MFP cost, but the levy must be approved by a majority of the electors and the duration of such levy may not exceed 10 years.

Effective Jan. 1, 2023.

(Amends Const. Art. VI, §§26(A)-(C), 27, and 29, Art. VII, §§4(A), 11(C), 18(C) and (F)(1), 20(A)(1), 21(B) and (F), and 26(B), and Art. VIII, §(13)(B) and (C); Adds Const. Art. VI, §26.1 and Art. VII, §§21(O) and 26(F); Repeals Const. Art. VI, §26(E) and Art. VII, §§2.2, 21(C)(10) and (12), and 26(E))