
DIGEST

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HB 417 Engrossed

2021 Regular Session

Ivey

Abstract: Amends Article VII of the La. Constitution in its entirety.

Present constitution authorizes taxation by the state, state debt, the state bond commission, and the use of state funds.

Present constitution provides for the state budget, expenditure of state funds, the general reporting of monies, investments by the state treasury, and taxation.

Present constitution further authorizes the following funds: the Wildlife and Fisheries Conservation Fund, the Louisiana Education Quality Trust Fund, the Coastal Protection and Restoration Fund, the Budget Stabilization Fund, the Higher Education Louisiana Partnership Fund, the Mineral Revenue Audit and Settlement Fund, the Oilfield Site Restoration Fund, the Oil Spill Contingency Fund, the Millennium Trust, the Louisiana Fund, the Millennium Leverage Fund, the Artificial Reef Development Fund, the Agricultural and Seafood Products Support Fund, the Hospital Stabilization Fund, the Louisiana Medical Assistance Trust Fund, the Revenue Stabilization Trust Fund, the dedication of mineral revenues, the Revenue Sharing Fund, and the Transportation Trust Fund.

Present constitution authorizes a sales and use tax exemption for food for home consumption as defined in present law (R.S.47:305(D)(1)(n)).

Proposed constitutional amendment retains present constitution but requires any change to the definition of food for home consumption to be enacted in law by a favorable vote of two-thirds of the elected members of each house of the legislature.

Present constitution authorizes equal and uniform taxes to be levied on net income. Further authorizes the rates for these taxes to be graduated according to the amount of the taxpayer's net income; however, the state individual and joint income tax schedule of rates and brackets are prohibited from exceeding the rates and brackets as they existed on Jan. 1, 2003.

Proposed constitutional amendment deletes the reference to the individual income tax rates and brackets in existence on Jan. 1, 2003, in favor of specifying that a state tax levied on individual income shall be levied at a flat rate which shall be established in law.

Present constitution requires federal income taxes paid to be allowed as a deductible item in computing state individual, estates and trusts, and corporate income taxes for the same period.

Proposed constitutional amendment changes present constitution by eliminating the mandatory deductibility of federal income taxes paid when computing individual, estates and trusts, and corporate income tax liability.

Proposed constitutional amendment creates the State Cybersecurity and Information Technology Infrastructure Fund in the state treasury. Dedicates 0.0045% of monies in the state general fund that are not allocated to the Bond Redemption and Security Fund or pledged in connection with the issuance of bonds to be appropriated solely for purposes of enhancing and upgrading the state's information technology infrastructure and to support cybersecurity needs.

Proposed constitutional amendment provides that unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund. The money in the fund shall be invested as provided by law and any earnings realized on investment of money in the fund shall be deposited in and credited to the fund.

Proposed constitutional amendment authorizes the establishment of a committee to assist the legislature in consideration of priorities for the funding of information technology infrastructure projects through appropriations from the fund with consent of the majority of the legislature.

Present constitution provides property subject to ad valorem taxation shall be listed on the assessment rolls. Further provides property valuation shall be a percentage of fair market value.

Present constitution provides the percentage of fair market value shall be uniform throughout the state upon the same class of property.

Present constitution provides for the classifications of property for the purposes of ad valorem tax and provides the percentage of fair market value applicable to each classification as follows:

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| (1) | Land | 10% |
| (2) | Improvements for residential purposes | 10% |
| (3) | Electric cooperative properties, excluding land | 15% |
| (4) | Other property | 15% |

Proposed constitutional amendment repeals present constitution and provides classifications and percentages shall be established in law, enacted by a legislative instrument which receives a favorable vote of two-thirds of the elected members of each house of the legislature.

Present constitution provides the percentage of fair market value of property classified as public service property shall be 25%. Proposed constitutional amendment retains present constitution.

Proposed constitutional amendment provides that total amount of taxes collected by any taxing authority in the first year following enactment of legislation shall not increase or decrease above or

below the amount of ad valorem taxes counted in the year prior to enactment.

Proposed constitutional amendment provides after the first year of enactment, each affected taxing authority shall adjust millages without regard to millage limitations as necessary.

Present constitution establishes an exemption from state, parish, and special ad valorem property taxes for the bona fide homestead of the property owner, for the first \$7,500 of assessed valuation.

Proposed constitutional amendment retains present constitution and adds authorization for a parish governing authority to adjust the amount of the homestead exemption by the adoption of a resolution or ordinance, to be effective only if approved by the electors of the parish. One time millage adjustments are required in instances where the homestead exemption is adjusted so as to ensure the same amount of revenue for taxing authorities.

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, and 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. 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.

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 requires property to be listed on tax assessment rolls.

Proposed constitutional amendment repeals present constitution.

Present constitution 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.

Present constitution 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.

Proposed constitutional amendment authorizes local ad valorem taxing authorities to enter into agreements for payments in lieu of taxes with owners of non-residential immovable property.

Proposed constitutional amendment provides that these agreements cannot have a term of greater than 40 years.

Proposed constitutional amendment provides that enactment of any law to administer proposed constitutional amendment requires a favorable vote of two-thirds of the elected members of each house of the legislature.

Proposed constitutional amendment repeals present constitution.

Proposed constitutional amendment adds a limitation that requires any newly enacted sales and use tax exemption or exclusion shall be applied uniformly to state and local taxes.

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

(Amends Const. Art. VII)

Summary of Amendments Adopted by House

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

1. Add provisions that require any newly enacted sales and use tax exemption or exclusion to be applied uniformly to state and local sales and use taxes.
2. Add provisions retaining the current status of the fair market value for property classified as public service properties.