

**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**



Fiscal Note On: **HB 464** HLS 21RS 183  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 22, 2021 10:58 AM	<b>Author:</b> IVEY
<b>Dept./Agy.:</b> Economic Development / Local Governments	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Louisiana Capital Investment Program	

TAX/AD VALOREM-EXEMPTION EG SEE FISC NOTE LF RV See Note Page 1 of 1  
 Provides for ad valorem tax exemptions for certain capital investment projects

Creates the Louisiana Capital Investment Program, administered by the Board of Commerce & Industry. The Board is to notify parish authorities of the availability and features of an capital investment exemption program. Parishes can enroll in the program, and procedures are provided for withdrawal from the program. The program is to provide three ad valorem exemption options, consistent with Article VII, Section 21(F), being proposed for amendment by HB 370 of this session. This bill provides procedures for participation by local governments in the different exemption options. Industry sectors eligible for the program are, technology, telecommunications, healthcare, and logistics, warehousing, and distribution.

Effective upon adoption of the constitutional amendment contained in HB 370 of this session.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$90,000	\$90,000	\$90,000	\$90,000	<b>\$360,000</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$90,000</b>	<b>\$90,000</b>	<b>\$90,000</b>	<b>\$90,000</b>	<b>\$360,000</b>

  

<b>REVENUES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

The Department of Economic Development indicates the need for an additional position to help process applications for the different exemption options provided in the bill, and for the potentially larger number of projects that would be eligible to apply under the concept of "capital investment project" not limited to manufacturing. An additional position would cost approximately \$90,000 per year in salary, benefits, and operations. Application fees presumably cover the additional administrative cost, but if not, additional general fund support would be necessary.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on state government revenues as a result of this measure. However, local government ad valorem tax bases would be affected depending on which of the three options is applied by particular governing entities for particular projects.

To the extent the standard exemption is applied, local tax bases would be expanded after the eighth year of its term relative to the current total term of ten years (both the current program and the proposed program provide an 80% exemption).

To the extent the local exemption is applied, local tax bases could be expanded or reduced during its term, relative to the current program of 80% exemption for a total term of ten years, since the option allows for an exemption up to 100% and for a term of no more than fifteen years.

To the extent the executive exemption is applied, local tax bases could be expanded or reduced during its term, relative to the current program of 80% exemption for a total term of ten years, since the option allows for an exemption up to 100% and for a term determined by the governor.

The amendment also removes the definition of "manufacturing establishment" and "addition" from the Constitution, and references "capital investment projects". These changes seem to contemplate a larger number of projects that would presumably be eligible to apply under the concept of "capital investment project" not limited to manufacturing. This change to the traditional applicability could materially expand the affected tax base.

In addition, while the bill authorizes three different exemption options, it does not provide guidance as to which one is to be applied in any particular situation. For purposes of this fiscal note it is assumed that only one option can be applied to any particular project, and contemplates statutory provisions for the administration of these options. The bill does not include manufacturing projects as eligible to receive any one of these three new exemption options.

Senate  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

**Christopher A. Keaton**  
 Legislative Fiscal Officer