

1 may enter into contracts for the exemption from ad valorem taxes of a new
2 manufacturing establishment or an addition to an existing manufacturing
3 establishment, on such terms and conditions as the board, with the approval of the
4 governor, deems in the best interest of the state.

5 **(b) No initial contract entered into pursuant to this Paragraph shall**
6 **exceed a term of five years. A manufacturing establishment shall be eligible for**
7 **a renewal only if it has met all the terms and conditions of the initial contract.**
8 **No renewal granted shall exceed a term of five years.**

9 **(2)(a) No exemption or renewal shall be granted without the approval of**
10 **the parish governing authority, school board, sheriff, and if applicable, the**
11 **municipal government wherein the exemption is sought. The approval or denial**
12 **by a tax recipient body of an exemption or renewal shall only be effective**
13 **against that portion of the millage attributable to that body.**

14 **(b) No exemption shall exceed eighty percent of the ad valorem taxes that**
15 **otherwise would be owed to each tax recipient body approving the exemption**
16 **or renewal.**

17 **(c) No exemption shall be granted for miscellaneous capital additions,**
18 **maintenance capital, required environmental upgrades, or new replacements**
19 **for existing machinery.**

20 **(d) No exemption shall be granted for a project that does not provide for**
21 **the creation of net new permanent jobs.**

22 **(e) No contract for exemption shall be granted without a formal written**
23 **analysis by the State Board of Commerce and Industry of the costs and benefits**
24 **of the exemption to the public.**

25 **(3)** The exemption shall be for an initial term of no more than five calendar
26 years, and may be renewed for an additional five years. All property exempted shall
27 be listed on the assessment rolls and submitted to the Louisiana Tax Commission or
28 its successor, but no taxes shall be collected thereon during the period of exemption.

29 **(4)(a)** The terms "manufacturing establishment" and "addition" as used herein

1 mean a new plant or establishment or an addition or additions to any existing plant
2 or establishment which engages in the business of working raw materials into wares
3 suitable for use or which gives new shapes, qualities or combinations to matter which
4 already has gone through some artificial process.

5 **(b) The term "maintenance capital" shall mean capital expenditures at**
6 **a manufacturing establishment that do not bring about a net increase in the**
7 **establishment's property value after depreciation.**

8 Section 2. Be it further resolved that this proposed amendment shall be submitted to
9 the electors of the state of Louisiana at the statewide election to be held on
10 November 8, 2022.

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

15 Do you support an amendment to prohibit exempting industrial
16 manufacturers from local property taxes unless the exemption results in the
17 creation of new permanent jobs and is approved by the local sheriff, and any
18 school board, parish, or municipal government whose revenue would be
19 affected by the exemption?

20 (Amends Article VII, Section 21(F))

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Thomas L. Tyler.

DIGEST

SB 151 Original 2022 Regular Session Pope

Present constitution authorizes the State Board of Commerce and Industry, with the governor's approval, to execute contracts for exemption from ad valorem taxes of a new manufacturing establishment or an addition to an existing manufacturing establishment, on such terms and conditions as the board, with the governor's approval, deems in the best interest of the state.

Proposed constitutional amendment adds the following restrictions to exemptions authorized under present constitution:

- (1) No initial contract entered shall exceed a term of five years. A manufacturing establishment is only eligible for a renewal if it has met all the terms and conditions

of the initial contract and the renewal shall not exceed a term of five years.

- (2) Prohibits granting an exemption or renewal without the approval of the local sheriff, the parish governing authority, school board, and if applicable, the municipal government where the exemption is sought. Any approval or denial by a tax recipient body of an exemption or renewal is effective against that portion of the millage attributable to that body.
- (3) Provides that the exemption shall not exceed eighty percent of the ad valorem taxes that otherwise would be owed to each tax recipient body approving the exemption or renewal.
- (4) Prohibits exemptions for miscellaneous capital additions, maintenance capital, required environmental upgrades, or new replacements for existing machinery.
- (5) Prohibits exemptions for a project that does not provide for the creation of net new permanent jobs.
- (6) Provides that no contract for an exemption be granted unless accompanied by a formal written analysis by the State Board of Commerce and Industry of the costs and benefits of the exemption to the public.
- (7) Defines the term "maintenance capital" to mean capital expenditures at a manufacturing establishment that do not bring about a net increase in the establishment's property value after depreciation.

Specifies submission of the amendment to the voters at the statewide election to be held on November 8, 2022.

(Amends Const. Art. VII, Sec. 21(F))