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## DIGEST

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HB 46 Original

2023 Regular Session

Hughes

**Abstract:** Allows for denial of an ad valorem tax exemption for residential property owned by a nonprofit corporation or association if the property is found by a local governing authority to be in such a state of disrepair that it endangers public health or safety.

Present constitution provides for the classification and assessment of property subject to ad valorem taxation. Further provides an exclusive list of types of property that, in addition to property to which the homestead exemption provided for in present constitution applies, shall be exempt from ad valorem taxation.

Present constitution authorizes an exemption from ad valorem taxation for property owned by a nonprofit corporation or association organized and operated exclusively for one or more of the following purposes:

- (1) Religious purposes.
- (2) Dedicated places of burial.
- (3) Charitable purposes.
- (4) Purposes relating to health and welfare.
- (5) Fraternal purposes.
- (6) Educational purposes.

Present constitution establishes the following conditions which must be satisfied in order for a nonprofit corporation or association to obtain the ad valorem tax exemption afforded by present constitution:

- (1) No part of the corporation's or association's net earnings inure to the benefit of any private shareholder.
- (2) The corporation or association is declared to be exempt from federal or state income tax.
- (3) The property subject to the exemption is not owned, operated, leased, or used for commercial purposes unrelated to the tax-exempt purposes of the corporation or association.

Proposed constitutional amendment retains present constitution and adds thereto a restriction on granting of ad valorem tax exemptions for certain property owned by nonprofit corporations or associations.

Proposed constitutional amendment provides that none of the property otherwise qualifying for the ad valorem tax exemption established in present constitution shall be exempt if the property is owned by a nonprofit corporation or association and the governing authority of the municipality or parish in which the property is located determines all of the following:

- (1) The property is for residential use, is in a state of disrepair, and manifests conditions which endanger the health or safety of the public.
- (2) The owner of the property habitually neglects its maintenance as evidenced by three or more code enforcement violations issued for the property in the prior twelve months for matters that endanger the health or safety of residents of the property or of persons in the area surrounding the property.

Proposed constitutional amendment stipulates that an ad valorem tax exemption denied or revoked pursuant to proposed constitutional amendment may be issued or reinstated if the governing authority of the municipality or parish in which the property is located determines that the conditions that disqualified the property for the exemption no longer exist.

Proposed constitutional amendment would be applicable to all tax years beginning on or after Jan. 1, 2024.

Proposed constitutional amendment makes technical changes and corrections in present constitution.

Provides for submission of the proposed amendment to the voters at the statewide election to be held October 14, 2023.

(Amends Const. Art. VII, §21(B))