
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 91 Original

2016 First Extraordinary Session

Bishop

Abstract: Prohibits state income tax credits for property taxes paid on business inventories and offshore vessels, establishes an annual allocation of at least \$500 million from the state general fund to the Local Investment Fund, a fund established to aid local taxing authorities due to the tax losses attributable to the exemption of that property.

Present law allows a refundable income or corporate franchise tax credit for ad valorem property taxes paid on:

- (1) Inventory held by manufacturers, distributors, and retailers, and on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities.
- (2) Vessels, including ships, oceangoing tugs, towboats, and barges, principally operated in Outer Continental Shelf Lands Act Waters.

Proposed constitutional amendment eliminates all refundable income and corporate franchise tax credits for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers on or after Jan. 1, 2016, except for taxpayers whose ad valorem taxes paid to all political subdivisions in the taxable year was less than an amount established by law (presently \$10,000). However, any unused portion of the credit may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

Proposed constitutional amendment exempts (1) inventory held by manufacturers, distributors, and retailers (inventory) and (2) vessels, including ships, oceangoing tugs, towboats, and barges, principally operated in Outer Continental Shelf Lands Act Waters (vessels) from ad valorem property taxes.

Proposed constitutional amendment establishes the Local Investment Fund (the Fund) and provides that, beginning in FY 2017-2018, the lesser of (1) \$500 million or (2) 15.625% of the total state sales and use tax revenues generated during the second immediately preceding fiscal year at the rates and bases existing as of June 30, 2015, as certified by the Revenue Estimating Conference as actual collections no later than Dec. 31 of the immediately preceding calendar year, shall be allocated from the state general fund to the Fund.

Proposed constitutional amendment provides that the Fund shall be distributed annually as provided by law solely on the basis of the total assessed value of other property as classified under Art. VII,

§18 of the Constitution of La. in each parish in proportion to the total assessed valuation of other property as classified under Art. VII, §18 of the constitution throughout the state; and that, after deductions in each parish for retirement systems and commissions as authorized by law, the remaining funds, to the extent available, shall be distributed to the tax recipient bodies within the parish in Orleans Parish by the city treasurer of New Orleans and in all other parishes by the parish tax collector, who shall disburse the funds in accordance with a schedule prepared by the parish assessor as provided by law, to help offset a portion of the revenue loss due to the inventory and vessels exemptions and that, for distribution allocation purposes, other property as classified under Art. VII, §18 of this constitution shall include exempted inventory and vessels.

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

Present constitution provides that the total amount of ad valorem property taxes collected by any taxing authority in the year in which property is reappraised and revalued shall not be increased or decreased because of a reappraisal or valuation above or below the total amount of ad valorem taxes collected by that taxing authority in the year preceding implementation of the reappraisal and valuation.

Present constitution provides that the governing authority of the issuing political subdivision shall levy and collect or cause to be levied and collected on all taxable property in the political subdivision ad valorem taxes sufficient to pay principal and interest and redemption premiums, if any, on such bonds as they mature.

Proposed constitutional amendment provides that distributions from the Fund shall be considered by taxing authorities to be ad valorem taxes collected and to be collected and shall be taken into account when setting millage rates; and that bond millages levied to service general obligation bonds under the authority of Art. VI, §33(B) of the constitution or any other constitutional or statutory authority for the issuance of general obligation bonds shall share in the distributions from the Fund.

Proposed constitutional amendment provides that a political subdivision, as defined by Art. VI of this constitution, may incur debt by issuing negotiable bonds and may pledge for the payment of all or part of the principal and interest of such bonds the proceeds derived or to be derived from that portion of the funds received by it from the Fund.

Proposed constitutional amendment prohibits monies in the Fund from being used or appropriated for other purposes when adjustments are made to eliminate a state deficit.

Specifies submission of the amendment to the voters at the statewide election to be held on Nov. 18, 2016.

Effective January 1, 2017.

(Amends Art. VII, §4(A); Adds Const. Art. VII, §10(F)(4)(h), 10.15, and 21(C)(20) and (21))