

2020 First Extraordinary Session

HOUSE BILL NO. 54

BY REPRESENTATIVE IVEY

TAX/AD VALOREM-EXEMPTION: Provides for ad valorem tax exemptions for certain capital investment projects (Item # 28)

1 AN ACT

2 To enact Chapter 1-A of Subtitle III of Title 47 of the Louisiana Revised Statutes of 1950,  
3 to be comprised of R.S. 47:1721 and 1722, relative to ad valorem tax; to provide for  
4 exemptions from ad valorem property taxes for certain property for capital  
5 investment projects; to establish requirements for eligibility and applications for  
6 exemptions; to provide for local, standard, and executive ad valorem tax exemptions;  
7 to provide for cooperative endeavor agreements; to provide for exemption  
8 applications; to provide for the terms and values of exemptions; to provide for  
9 definitions; to provide for political subdivision approval; to provide for gubernatorial  
10 approval; to provide for the consideration, approval, and granting of the exemption;  
11 to provide for effectiveness; and to provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. Chapter 1-A of Subtitle III of Title 47 of the Louisiana Revised Statutes  
14 of 1950, comprised of R.S. 47:1721 and 1722, is hereby enacted to read as follows:

15 CHAPTER 1-A. AD VALOREM TAX EXEMPTIONS FOR  
16 CERTAIN CAPITAL INVESTMENT PROJECTS

17 §1721. Definitions

18 For the purposes of this Chapter the following words have the following  
19 meanings:

20 (1) "Board" shall mean the Board of Commerce and Industry.

1           (2) "Department" shall mean the Department of Economic Development.

2           (3) "Political subdivision" shall mean any parish governing authority, school  
3           board, sheriff, municipality, city, or special district authorized by the constitution or  
4           by law to levy an ad valorem tax.

5           §1722. Capital Investment Project Exemption

6           A. Exemptions. In accordance with Article VII, Section 21(F) of the  
7           Constitution of Louisiana, there are hereby established standard, local, and executive  
8           ad valorem tax exemptions for capital investment projects.

9           B. Standard exemption. (1) Procedure. The board shall establish an  
10           application procedure for the standard exemption in accordance with the constitution.  
11           The application for the standard exemption shall be on forms designed and  
12           prescribed by the board.

13           (2) Review. The board shall review all standard exemption applications in  
14           a timely manner and render a recommendation for each application.

15           (3) Cooperative endeavor agreement. Upon approval by the board, the board  
16           and the applicant, with the assistance of the department, shall enter into a cooperative  
17           endeavor agreement evidencing the exemption. The cooperative endeavor agreement  
18           shall provide for an ad valorem tax exemption of eighty percent of the property taxes  
19           and for a term of eight calendar years.

20           (4) Final approval. The board shall require local approval for standard  
21           exemptions. The board shall provide the appropriate political subdivisions a copy of  
22           any resolution adopted by the board approving a standard exemption and a copy of  
23           the cooperative endeavor agreement evidencing the standard exemption within three  
24           business days of their completion. The political subdivision shall have a thirty-day  
25           period beginning the day the resolution or cooperative endeavor agreement is  
26           received, whichever is later, to accept or reject the proposed exemption. A rejection  
27           by any political subdivision shall be evidenced by resolution or, if the rejection is  
28           from the sheriff, by letter. If a political subdivision does not provide notice of

1 rejection within the thirty day notice period, the exemption will be deemed approved  
2 by the political subdivision.

3 C. Local exemption. (1) Eligibility. No applicant shall be eligible for the  
4 local exemption until the applicant has received final approval by the board for a  
5 standard exemption. Each parish shall establish eligibility requirements for the local  
6 exemption in accordance with the constitution. The application for the local  
7 exemption shall be on forms designed and prescribed by the board.

8 (2) Application. The board shall review all local exemption applications in  
9 a timely manner and render a recommendation for each application. If the board  
10 approves an application, it shall forward the application to the parish governing  
11 authority for the parish in which the project will be located within fifteen days of  
12 approval.

13 (3) Review. The parish governing authority shall forward a copy of the  
14 application within three days of receipt to each political subdivision that levies a  
15 millage and in whose jurisdiction the project will be located. The department shall  
16 provide the parish governing authority with an analysis of the project applying for  
17 the exemption. When a project is located within the jurisdiction of multiple political  
18 subdivisions, each political subdivision shall be provided a copy of the application  
19 and analysis. Each political subdivision shall review the application in conjunction  
20 with the department's analysis and issue a resolution or letter, in the case of a sheriff,  
21 approving or rejecting the exemption within sixty days of receipt of the application  
22 from the parish governing authority. In reviewing the application, political  
23 subdivisions may hold a public meeting for the purpose of receiving public input.

24 (4) Cooperative endeavor agreement. Upon the political subdivisions'  
25 approval of the exemption, the political subdivisions and the applicant, with the  
26 assistance of the department, shall enter into a cooperative endeavor agreement  
27 evidencing the exemption. The cooperative endeavor agreement shall provide for  
28 an ad valorem tax exemption of up to one hundred percent of the property tax and  
29 for a term of not more than fifteen years.

1           (5) Final approval. The parish governing authority shall provide the board  
2           with a copy of the final cooperative endeavor agreement and a copy of all resolutions  
3           or letters approving the exemption.

4           D. Executive exemption. (1) Eligibility and Application. The governor  
5           shall be permitted to provide an executive exemption for capital investment projects  
6           in accordance with the constitution.

7           (2) Invitation and offer. The governor may offer any entity an executive  
8           exemption from ad valorem property taxes. The exemption may be for up to one  
9           hundred percent of the property taxes for a specific term decided at the governor's  
10          discretion. The board shall require local approval prior to the governor granting the  
11          executive exemption. The executive exemption shall be evidenced by a  
12          gubernatorial executive order providing the terms and conditions of the exemption.  
13          No later than thirty-five days prior to the issuance of any gubernatorial executive  
14          order providing an exemption, the governor shall provide all applicable political  
15          subdivisions a draft of the executive order. Political subdivisions shall have a thirty-  
16          day period, beginning the day the draft executive order is received, to reject the  
17          proposed exemption. A rejection by any political subdivision shall be evidenced by  
18          resolution or if the rejection is from the sheriff, by letter. If a local governmental  
19          entity does not provide notice of rejection within the thirty-day notice period, the  
20          exemption will be deemed approved by each political subdivision.

21          Section 2. This Act shall take effect and become operative if and when the proposed  
22          amendment of Article VII, Section 21(F) of the Constitution of Louisiana contained in the  
23          Act which originated as House Bill No. 36 of this 2020 First Extraordinary Session of the  
24          Legislature is adopted at a statewide election and becomes effective.

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**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)]

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HB 54 Original

2020 First Extraordinary Session

Ivey

**Abstract:** Establishes a program for the consideration and approval of standard, local, and executive capital investment project ad valorem tax exemptions.

Present constitution provides for the exclusive list of ad valorem tax exemptions.

Proposed law defines the terms board, department, and political subdivision.

Proposed law creates a standard ad valorem tax exemption for capital investment projects.

Proposed law establishes an application for a standard ad valorem tax exemption and requires the Board of Commerce and Industry hereinafter "board", to design and provide the application forms. Proposed law further provides that the board shall review a standard ad valorem tax exemption and, upon approval by the board, the exemption applicant and the board shall enter into a cooperative endeavor agreement evidencing the exemption.

Proposed law provides that the standard ad valorem tax exemption shall exempt up to 80% of the project's property taxes for a term of 8 years.

Proposed law requires the board to provide the appropriate political subdivisions with a copy of any resolution adopted by the board approving the exemption and a copy of the cooperative endeavor agreement.

Proposed law requires local governmental approval prior to the execution of the cooperative endeavor agreement. A political subdivision must evidence the rejection of the exemption within 30 days of receipt or the exemption will be deemed approved.

Proposed law creates a local ad valorem tax exemption for capital investment projects.

Proposed law establishes an application for a local ad valorem tax exemption and requires the board to design and provide the application forms. Proposed law further provides that to be eligible for the local exemption an application must have received final approval by the board for a standard exemption.

Proposed law requires the application for a local exemption to be forwarded to the parish governing authority of the parish in which the project is to be located, within 15 days of board approval. Within three days of receipt, the parish governing authority shall forward the application to each political subdivision that levies a millage and in whose district the project will be located.

Proposed law the Department of Economic Development hereinafter "department" shall provide the parish governing authority and all relevant political subdivisions an analysis of every proposed project requesting an exemption in the parish.

Proposed law provides within 60 days of receipt each political subdivision shall review each project application in conjunction with the department's analysis and issue a resolution or a letter, in the case of a sheriff, approving or rejecting the application. During this time political subdivisions may hold public meetings to receive public input.

Proposed law provides that if the political subdivision approves the application, the political subdivision and the applicant, with the assistance of the department, shall enter into a cooperative endeavor agreement evidencing the exemption.

Proposed law further provides that the cooperative endeavor agreement shall be for up to 100% of the property taxes of the project and for a term of not more than 15 years.

Proposed law requires that the parish governing authority shall provide the board with a copy of the cooperative endeavor agreement and a copy of any resolution or letter approving the exemption.

Proposed law creates an executive ad valorem tax exemption for capital investment projects.

Proposed law provides that the governor may offer any entity an executive exemption. The exemption may be for up to 100% of the property taxes of the project and for a specific term to be decided by the governor.

Proposed law requires local governmental approval prior to the execution of the executive order providing for an exemption. A political subdivision must evidence the rejection of the exemption within 30 days of receipt or the exemption will be deemed approved.

Proposed law requires the executive exemption be evidenced by a gubernatorial executive order providing the terms and conditions of the exemption.

Effective if and when the proposed amendment of Article VII, Section 21(F) of the Constitution of La. contained in the Act which originated as House Bill No. 36 of this 2020 1st E.S. of the Legislature is adopted at a statewide election and becomes effective.

(Adds R.S. 47:1721 and 1722)