

Regular Session, 2003

HOUSE BILL NO. 370

BY REPRESENTATIVE FAUCHEUX

LOCAL FINANCE: (Constitutional Amendment) Authorizes local governments to provide capital from certain revenue sources for industrial development purposes

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A JOINT RESOLUTION

Proposing to amend Article VII, Section 14(B) of the Constitution of Louisiana, to authorize a local government to provide capital from certain revenues for industrial development purposes; to provide prerequisites; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 14(B) of the Constitution of Louisiana, to read as follows:

§14. Donation, Loan, or Pledge of Public Credit

Section 14.

\* \* \*

(B) Authorized Uses. Nothing in this Section shall prevent (1)

the use of public funds for programs of social welfare for the aid and

1 support of the needy; (2) contributions of public funds to pension and  
2 insurance programs for the benefit of public employees; (3) the pledge  
3 of public funds, credit, property, or things of value for public purposes  
4 with respect to the issuance of bonds or other evidences of indebtedness  
5 to meet public obligations as provided by law; (4) the return of  
6 property, including mineral rights, to a former owner from whom the  
7 property had previously been expropriated, or purchased under threat  
8 of expropriation, when the legislature by law declares that the public  
9 and necessary purpose which originally supported the expropriation has  
10 ceased to exist and orders the return of the property to the former owner  
11 under such terms and conditions as specified by the legislature; (5)  
12 acquisition of stock by any institution of higher education in exchange  
13 for any intellectual property; (6) the donation of abandoned or blighted  
14 housing property by the governing authority of a municipality or a  
15 parish to a nonprofit organization which is recognized by the Internal  
16 Revenue Service as a 501(c)(3) or 501(c)(4) nonprofit organization and  
17 which agrees to renovate and maintain such property until conveyance  
18 of the property by such organization; (7) the deduction of any tax,  
19 interest, penalty, or other charges forming the basis of tax liens on  
20 blighted property so that they may be subordinated and waived in favor  
21 of any purchaser who is not a member of the immediate family of the  
22 blighted property owner or which is not any entity in which the owner  
23 has a substantial economic interest, but only in connection with a  
24 property renovation plan approved by an administrative hearing officer  
25 appointed by the parish or municipal government where the property is  
26 located; (8) the deduction of past due taxes, interest, and penalties in

1 favor of an owner of a blighted property, but only when the owner sells  
2 the property at less than the appraised value to facilitate the blighted  
3 property renovation plan approved by the parish or municipal  
4 government and only after the renovation is completed such deduction  
5 being canceled, null and void, and to no effect in the event ownership  
6 of the property in the future reverts back to the owner or any member  
7 of his immediate family; (9) the donation by the state of asphalt which  
8 has been removed from state roads and highways to the governing  
9 authority of the parish or municipality where the asphalt was removed,  
10 or if not needed by such governing authority, then to any other parish  
11 or municipal governing authority, but only pursuant to a cooperative  
12 endeavor agreement between the state and the governing authority  
13 receiving the donated property; ~~or~~ (10) the investment in stocks of a  
14 portion of the Rockefeller Wildlife Refuge Trust and Protection Fund,  
15 created under the provisions of R.S. 56:797, and the Russell Sage or  
16 Marsh Island Refuge Fund, created under the provisions of R.S. 56:798,  
17 such portion not to exceed thirty-five percent of each fund; or (11) the  
18 providing of capital by a local governmental subdivision from tax  
19 revenues dedicated to industrial or economic development or proceeds  
20 of bonds secured by such revenues to a person, association, or  
21 corporation which, by cooperative endeavor agreement and as full  
22 consideration, agrees to locate or expand industrial enterprises within  
23 the local governmental subdivision, provided such revenues or proceeds  
24 are used exclusively for the acquisition or maintenance of real property,  
25 plants, buildings, factories, works, facilities, machinery, and equipment,  
26 a number of residents of the subdivision are employed as a result of

1 such development as specified in the cooperative endeavor agreement,  
2 and the cooperative endeavor agreement is approved by the State Bond  
3 Commission.

4 \* \* \*

5 Section 2. Be it further resolved that this proposed amendment shall be  
6 submitted to the electors of the state of Louisiana at the gubernatorial primary  
7 election to be held in 2003.

8 Section 3. Be it further resolved that on the official ballot to be used at  
9 said election there shall be printed a proposition, upon which the electors of  
10 the state shall be permitted to vote FOR or AGAINST, to amend the  
11 Constitution of Louisiana, which proposition shall read as follows:

12 To authorize local governments to provide capital, in exchange  
13 for economic or industrial development, from tax revenues  
14 dedicated to such development or proceeds of bonds secured by  
15 such revenues, to persons, associations, or corporations which  
16 enter into an agreement to locate or expand industrial operations  
17 in the area, provided such revenue is used exclusively for  
18 acquisition or maintenance of real property, plants, buildings,  
19 factories, works, facilities, machinery, and equipment, a number  
20 of area residents are employed as specified in the agreement,  
21 and the agreement is approved by the State Bond Commission.  
22 (Amends Article VII, Section 14(B))

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**DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

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Faucheux

HB No. 370

**Abstract:** Constitutional amendment to authorize a local government to provide capital to a nonpublic entity in exchange for industrial and economic development.

Present constitution prohibits the state or any political subdivision from loaning, pledging, or donating funds, credit, property, or things of value. Authorizes, for a public purpose, public entities to engage in cooperative endeavors with each other or with other public or private entities.

Proposed constitutional amendment provides for an exception to the prohibition on donations. Authorizes a city or parish to provide capital from tax revenues dedicated to industrial or economic development or proceeds of bonds secured by such revenues to a person, association, or corporation. Requires that the local government enter into a cooperative endeavor agreement with the beneficiary in which the beneficiary agrees to locate or expand industrial enterprises within the city or parish in exchange for receipt of such revenues. Further provides that such revenues can be used only for the acquisition or maintenance of real property, plants, buildings, factories, works, facilities, machinery, and equipment, that a specified number of local residents be employed as a result of such development, and that the cooperative endeavor agreement be subject to State Bond Commission approval.

Provides for submission of the proposed amendment to the voters at the gubernatorial primary election to be held in 2003.

(Amends Const. Art. VII, §14(B))