

Regular Session, 1999

HOUSE BILL NO. 617

BY REPRESENTATIVES MURRAY (BY REQUEST), HEATON, AND
WILLARD

TAX/AD VALOREM-EXEMPTION: (Constitutional Amendment) Extends authorization for tax exemption contracts for expansion, restoration, improvement, or development to include all residential structures in the state

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A JOINT RESOLUTION

Proposing to amend Article VII, Section 21(H) of the Constitution of Louisiana, relative to ad valorem property tax exemptions; to authorize the State Board of Commerce and Industry to enter into tax exemption contracts, with a property owner proposing expansion, restoration, improvement, or development of an existing residential structure that is at least forty years old, certified as a blighted property located in Orleans Parish by the New Orleans Redevelopment Authority; to provide conditions for termination of such contracts; 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

1 manner provided by law, a proposal to amend Article VII, Section 21(H) of the
2 Constitution of Louisiana, to read as follows:

3 §21. Other Property Exemptions

4 Section 21.

5 * * *

6 (H)~~(1)~~ Notwithstanding any contrary provision of this
7 constitution, the State Board of Commerce and Industry or its
8 successor, with the approval of the governor and the local governing
9 authority and in accordance with procedures and conditions provided
10 by law, may enter into contracts granting to a property owner, who
11 proposes the expansion, restoration, improvement, or development of
12 an existing structure or structures in a downtown, historic, or economic
13 development district established by a local governing authority or in
14 accordance with law, the right for an initial term of five years after
15 completion of the work to pay ad valorem taxes based upon the
16 assessed valuation of the property for the year prior to the
17 commencement of the expansion, restoration, improvement, or
18 development. Contracts may be renewed, subject to the same
19 conditions, for an additional five years extending such right for a total
20 of ten years from completion of the work.

21 (2)(a) Notwithstanding any contrary provision of this
22 constitution, the State Board of Commerce and Industry or its
23 successor, with the approval of the governor and the local governing
24 authority and in accordance with procedures and conditions provided
25 by law, may enter into contracts granting to a property owner, who
26 proposes the expansion, restoration, improvement, or development of

1 an existing residential structure or structures in Orleans Parish that is
2 at least forty years old and certified as a blighted property by the New
3 Orleans Redevelopment Authority, or its successor, the right for a term
4 of five years after completion of the work to pay ad valorem taxes in
5 accordance with the following scale:

6 (i) For the first year, the property owner will pay ad valorem
7 taxes based on the assessed valuation of the property prior to the
8 commencement of the referenced property's expansion, restoration,
9 improvement or development.

10 (ii) For the second year, the property owner will pay ad valorem
11 taxes based on the assessed valuation of the property the year prior to
12 the commencement of the referenced expansion, restoration,
13 improvement, or development in addition to twenty percent of the
14 difference between the actual assessed valuation and the assessed
15 valuation prior to the year of the expansion, restoration, improvement,
16 or development.

17 (iii) For the third year, the property owner will pay ad valorem
18 taxes based on the assessed valuation of the property the year prior to
19 the commencement of the referenced expansion, restoration,
20 improvement, or development in addition to forty percent of the
21 difference between the actual assessed valuation and the assessed
22 valuation prior to the year of the expansion, restoration, improvement,
23 or development.

24 (iv) For the fourth year, the property owner will pay ad valorem
25 taxes based on the assessed valuation of the property the year prior to
26 the commencement of the referenced expansion, restoration,

1 improvement, or development in addition to sixty percent of the
2 difference between the actual assessed valuation and the assessed
3 valuation prior to the year of the expansion, restoration, improvement,
4 or development.

5 (v) For the fifth year, the property owner will pay ad valorem
6 taxes based on the assessed valuation of the property the year prior to
7 the commencement of the referenced expansion, restoration,
8 improvement, or development in addition to eighty percent of the
9 difference between the actual assessed valuation and the assessed
10 valuation prior to the year of the expansion, restoration, improvement,
11 or development.

12 (b) Any contract entered into under this Subsection regarding
13 blighted property shall terminate if the structure's use is changed from
14 residential use to commercial use and the contract shall not take effect
15 until the property subject to the exemption is put into its intended use.

16 * * *

17 Section 2. Be it further resolved that this proposed amendment shall be
18 submitted to the electors of the state of Louisiana at the gubernatorial primary
19 election to be held in 1999.

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

24 To authorize the State Board of Commerce and Industry, with
25 the approval of the governor and the local governing authority,
26 to enter into contracts granting to a property owner who

1 proposes the expansion, restoration, improvement, or
2 development of an existing residential structure or structures in
3 Orleans Parish that is at least forty years old and certified as
4 blighted property by the New Orleans Redevelopment
5 Authority, the right to pay ad valorem taxes based upon the
6 assessed valuation of the property for the year prior to the
7 commencement of the expansion, restoration, improvement, or
8 development, for a term of five years after completion of the
9 work, increased in years two through five by an annually
10 increasing amount, provides that the contract shall not take
11 effect until the property subject to the exemption is put into its
12 intended use, provides for termination of contract if use is
13 changed from residential to commercial. (Amends Article VII,
14 Section 21(H))

DIGEST

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

Murray, et al.

HB No. 617

Present constitution authorizes the State Board of Commerce and Industry (the board), or its successor, subject to the approval of the governor and the local governing authority, to enter into contracts granting to a property owner, who proposes the expansion, restoration, improvement, or development of an existing structure or structures in a downtown, historic, or economic development district, the right for an initial term of five years after completion of the work to pay ad valorem taxes based upon the assessed valuation of the property for the year prior to the commencement of the expansion, restoration, improvement, or development. Such contracts may be renewed, subject to the same conditions, for an additional five years extending the right for a total of 10 years from completion of the work.

Proposed constitutional amendment retains present constitution and authorizes the board to enter into contracts granting to a property owner who proposes the expansion, restoration, improvement, or development of an existing residential

structure or structures in Orleans Parish that are at least 40 years old and certified as a blighted property by the New Orleans Redevelopment Authority the right for five years after completion of the work to pay ad valorem taxes in the following manner:

1. For the first year, the owner shall pay tax based upon the assessed valuation of the property in the year prior to the commencement of the work.
2. In years two through five, the owner shall pay tax based upon the assessed valuation of the property prior to the commencement of the work in addition to a percentage of the difference between the actual assessed valuation and the assessed valuation in the year prior to the completion of the work. The percentage ranges from 20% to 80%, with 20% increments in the intervening years.

Proposed constitutional amendment requires the structure to remain residential property for the contract to remain in force for the entire term and provides that the contract shall not take effect until the property subject to the exemption is put into its intended use.

Provides for submission of the proposed amendment to the voters at the gubernatorial primary election in 1999.

(Amends Const. Art. VII, §21(H))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Changes the property which may qualify for the exemption to certain blighted property in Orleans Parish.
2. Provides for one five-year contract term, with increased tax liability in each year of the contract.
3. Provides that the contract shall not take effect until the property subject to the exemption is put into its intended use.