

1 Board of Commerce and Industry or its successor, with the approval of the governor,
2 may enter into contracts for the exemption from ad valorem taxes of a new
3 manufacturing establishment or an addition to an existing manufacturing
4 establishment, on such terms and conditions as the board, with the approval of the
5 governor, deems in the best interest of the state.

6 (2) The exemption shall be for an initial term of no more than five calendar
7 years, and may be renewed for an additional five years. All property exempted shall
8 be listed on the assessment rolls and submitted to the Louisiana Tax Commission or
9 its successor, but no taxes shall be collected thereon during the period of exemption,
10 **except as otherwise provided by this Paragraph.**

11 (3) The terms "manufacturing establishment" and "addition" as used herein
12 mean a new plant or establishment or an addition or additions to any existing plant
13 or establishment which engages in the business of working raw materials into wares
14 suitable for use or which gives new shapes, qualities or combinations to matter which
15 already has gone through some artificial process.

16 **(4)(a) For new contracts or contract renewals entered into pursuant to**
17 **this Paragraph on or after January 1, 2019, the board may grant a partial**
18 **exemption for ad valorem taxes dedicated to, levied by, or levied on behalf of a**
19 **city, parish, or other local public school board. The contract or contract renewal**
20 **shall provide for a minimum level of taxation such that the avails of any ad**
21 **valorem taxes dedicated to, levied by, or levied on behalf of a city, parish, or**
22 **other local public school board shall be no less than the city, parish, or other**
23 **local public school board millages applied to an assessed valuation based on the**
24 **modified fair market value of the property. No other exemption may be granted**
25 **for ad valorem taxes dedicated to, levied by, or levied on behalf of a city, parish,**
26 **or other local public school board pursuant to this Paragraph.**

27 **(b) "Modified fair market value" means the fair market value of the**
28 **property after ten years of use.**

29 **(c) The modified fair market value shall be determined in accordance**

1 with criteria that shall be established by the Louisiana Tax Commission and
2 that shall apply uniformly throughout the state.

3 * * *

4 (N) Goods held in inventory shall be exempt from ad valorem taxes as
5 follows:

6 (1) Between January 1, 2019, and December 31, 2019, ten percent of the
7 assessed valuation shall be exempt.

8 (2) Between January 1, 2020, and December 31, 2020, twenty percent of
9 the assessed valuation shall be exempt.

10 (3) Between January 1, 2021, and December 31, 2021, thirty percent of
11 the assessed valuation shall be exempt.

12 (4) Between January 1, 2022, and December 31, 2022, forty percent of
13 the assessed valuation shall be exempt.

14 (5) Between January 1, 2023, and December 31, 2023, fifty percent of the
15 assessed valuation shall be exempt.

16 (6) Between January 1, 2024, and December 31, 2024, sixty percent of the
17 assessed valuation shall be exempt.

18 (7) Between January 1, 2025, and December 31, 2025, seventy percent of
19 the assessed valuation shall be exempt.

20 (8) Between January 1, 2026, and December 31, 2026, eighty percent of
21 the assessed valuation shall be exempt.

22 (9) Between January 1, 2027, and December 31, 2027, ninety percent of
23 the assessed valuation shall be exempt.

24 (10) On and after January 1, 2028, all goods held in inventory shall be
25 exempt from ad valorem taxation.

26 Section 2. Be it further resolved that this proposed amendment shall be submitted
27 to the electors of the state of Louisiana at the statewide election to be held on November 6,
28 2018.

29 Section 3. Be it further resolved that on the official ballot to be used at said election

1 there shall be printed a proposition, upon which the electors of the state shall be permitted
 2 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
 3 follows:

4 Do you support an amendment to phase out ad valorem taxes on inventory
 5 over ten years and to provide for a reduction of the allowable exemption of
 6 ad valorem taxation imposed by school boards under the industrial tax
 7 exemption program?

8 (Amends Article VII, Section 21(F); adds Article VII, Section 21(N))

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SB 130 Original

2017 Regular Session

Allain

Present constitution provides that all property is subject to ad valorem taxation unless specifically exempted.

Present constitution authorizes the State Board of Commerce and Industry, with gubernatorial approval, to enter into contracts to exempt new and expanding manufacturing facilities from ad valorem taxation.

Proposed constitutional amendment retains the ability of the board to enter into contracts to exempt certain manufacturing facilities from certain ad valorem taxes.

Proposed constitutional amendment beginning January 1, 2019, prohibits the board from providing a full exemption for a manufacturing facility under a new contract or contract renewal from the payment of ad valorem taxes imposed by or on behalf of a city, parish, or other local public school board and requires that the manufacturing facility pay no less than the school related millages on the value of property after ten years of use.

Proposed constitutional amendment provides that the Tax Commission establish criteria for determining the value of property after ten years of use and that these criteria shall be uniform throughout the state.

Proposed constitutional amendment phases in an ad valorem tax exemption for goods held in inventory over a ten-year period completely exempting inventory from ad valorem taxation after January 1, 2028.

Specifies submission of the amendment to the voters at the statewide election to be held on November 6, 2018.

(Amends Const. Art. VII, Sec. 21(F); adds Const. Art. VII, Sec. 21(N))