

1 amend Article VII, Sections 18(B) and 21(F) and to add Article VII, Section 20(A)(11) of
2 the Constitution of Louisiana, to read as follows:

3 §18. Ad Valorem Taxes

4 Section 18.

5 * * *

6 (B) Classification. (1) The classifications of property subject to ad valorem
7 taxation and the percentage of fair market value applicable to each classification for
8 the purpose of determining assessed valuation ~~are as follows:~~

9 Classifications	Percentages
10 1. Land 10%	
11 2. Improvements for residential purposes 10%	
12 3. Electric cooperative properties, excluding land 15%	
13 4. Public service properties, excluding land 25%	
14 5. Other property 15%	

15 shall be established by law enacted by a specific legislative instrument which
16 receives a favorable vote of two-thirds of the elected members of each house of the
17 legislature. The legislature may enact laws defining electric cooperative properties
18 and public service properties.

19 (2) The total amount of ad valorem taxes collected by any taxing authority
20 in the first tax year which begins after an enactment by the legislature that changes
21 the classifications of or fair market values for property assessments shall not be
22 increased or decreased, as a result of the enactment, above or below the amount of
23 ad valorem taxes collected in the year preceding the enactment. To accomplish this
24 result, it shall be mandatory for each affected taxing authority to adjust millages
25 upwards or downwards without regard to millage limitations otherwise contained in
26 this constitution. The maximum authorized millages shall be increased or decreased
27 in proportion to the amount of adjustment upward or downward. Thereafter, such
28 millages shall remain in effect unless changed as permitted by this constitution. In

1 §21. Other Property Exemptions

2 Section 21. In addition to the homestead exemption provided for in Section
3 20 of this Article, the following property and no other shall be exempt from ad
4 valorem taxation:

5 * * *

6 (F)(1) Notwithstanding any contrary provision of this Section, ~~the State~~
7 ~~Board of Commerce and Industry or its successor, with the approval of the governor,~~
8 a parish governing authority may enter into contracts a contract for the exemption
9 from ad valorem taxes of a new manufacturing establishment or an addition to an
10 existing manufacturing establishment, on such terms and conditions as the ~~board,~~
11 ~~with the approval of the governor, deems in the best interest of the state.~~ parish
12 governing authority deems in the best interest of the parish. However, each
13 individual taxing authority in a parish entering into an exemption contract shall
14 specifically authorize the exemption from the millage levied by the taxing authority
15 that is subject to exemption under the terms of the contract prior to the contract
16 becoming effective. Any millage exemption in an exemption contract that is not
17 authorized by the taxing authority levying the millage prior to entering into the
18 contract shall be null, void, and of no effect. The legislature may provide for specific
19 terms and conditions by law.

20 (2) The exemption shall be for an initial term of no more than five calendar
21 years, and may be renewed for an additional five years. All property exempted shall
22 be listed on the assessment rolls and submitted to the Louisiana Tax Commission or
23 its successor, but no taxes shall be collected thereon during the period of exemption.

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

29 * * *

1 Section 2. Be it further resolved that the provisions of the amendments contained in
2 this Joint Resolution shall become effective January 1, 2018.

3 Section 3. Be it further resolved that these proposed amendments shall be submitted
4 to the electors of the state of Louisiana at the statewide election to be held on October 14,
5 2017.

6 Section 4. Be it further resolved that on the official ballot to be used at the election,
7 there shall be printed a proposition, upon which the electors of the state shall be permitted
8 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
9 follows:

10 Do you support an amendment to provide for the following with regard to
11 property taxes, to require the establishment of property classifications and
12 fair market value percentages by law, to authorize a parish governing
13 authority to adjust the amount of the homestead exemption subject to voter
14 approval, and to change the authority for the granting of ad valorem tax
15 exemptions for manufacturing establishments from the state to taxing
16 authorities in the parish in which the property is located? (Effective January
17 1, 2018) (Amends Article VII, Sections 18(B) and 21(F); Adds Article VII,
18 Section 20(A)(11))

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 366 Engrossed

2017 Regular Session

Ivey

Abstract: Relative to ad valorem property tax, changes authority for the establishment of property classifications and fair market value percentages from the constitution to as established by law, authorizes adjustment of the amount of the homestead exemption by a parish governing authority with voter approval, and changes the authority to enter into contracts for property tax exemptions for manufacturing establishments from the state to local taxing authorities.

Present constitution authorizes the levy of ad valorem taxes on property within La.

Present constitution provides for the classifications of property and percentages of fair market value to be used in the assessment of property for purposes of ad valorem property taxes.

Proposed constitutional amendment changes present constitution by removing the determination of classifications of property and percentages of fair market value to be used in the assessment of property from the constitution to a requirement that it be established by law. One time millage adjustments are required in instances where classifications of property and percentages of fair market value are changed so as to ensure the same amount of revenue for taxing authorities.

Present constitution establishes an exemption from state, parish, and special ad valorem property taxes for the bona fide homestead of the property owner, for the first \$7,500 of assessed valuation.

Proposed constitutional amendment retains present constitution and adds authorization for a parish governing authority to adjust the amount of the homestead exemption by the adoption of a resolution or ordinance, to be effective only if approved by the electors of the parish. One time millage adjustments are required in instances where the homestead exemption is adjusted so as to ensure the same amount of revenue for taxing authorities.

Present constitution authorizes the State Board of Commerce and Industry to enter into exemption contracts with manufacturing establishments (ITEP contracts), on the terms and conditions of the board. Further requires approval of the contracts by the governor.

Proposed constitutional amendment changes authority to grant these exemptions from the State Board of Commerce and Industry to parish governing authorities to enter into ITEP contracts. Further requires a taxing authority to approve the exemption of its particular millage prior to execution of the exemption contract.

Proposed constitutional amendment authorizes the legislature to provide by law for specific terms and conditions relative to the exemption provided for in present constitution.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 14, 2017.

(Amends Const. Art. VII, §§18(B) and 21(F); Adds Const. Art. VII, §20(A)(11))