



1 (B)

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3 (3) ~~property~~ Property of an organization such as a lodge or club organized  
4 for charitable and fraternal purposes and practicing the same, and property of a  
5 nonprofit corporation devoted to promoting trade, travel, and commerce, and also  
6 property of a trade, business, industry or professional society or association, if that  
7 property is owned by a nonprofit corporation or association organized under the laws  
8 of this state for such purposes.

9 (4) None of the property listed in Paragraph (B) shall be exempt if owned,  
10 operated, leased, or used for commercial purposes unrelated to the exempt purposes  
11 of the corporation or association; however, in Orleans Parish the exemption provided  
12 for in this Paragraph shall not apply if the property has been vacant for longer than  
13 two years or the property is not exclusively used for the exempt purpose of the  
14 corporation or association. For purposes of this Subparagraph, "exclusive use"  
15 occurs when no more than five percent of the corporation's or association's annual  
16 revenues derived from that parcel are required to be reported as taxable income for  
17 purposes of federal taxation.

18 (5)(a) Notwithstanding any other provision of this constitution to the  
19 contrary, each exemption established in Subparagraphs (1) through (3) of this  
20 Paragraph, which are referred to hereinafter in this Subparagraph collectively as  
21 "existing exemptions", shall be effective and applicable in Orleans Parish unless and  
22 until a change in a specific exemption is made by the parish governing authority, and  
23 approved by the electors, as provided in this Subparagraph.

24 (i) Notwithstanding any other provision of this Section to the contrary, the  
25 Orleans Parish governing authority may reduce or otherwise limit ad valorem tax  
26 exemptions provided for in Subparagraphs (1) through (3) of this Paragraph;  
27 however, in no case shall a tax exemption for a particular property be applicable to  
28 less than fifty percent of the assessed value of the property. A reduction or limitation  
29 in an ad valorem tax exemption shall not become effective unless it is authorized by



1 Section 3. Be it further resolved that this proposed amendment shall be submitted  
2 to the electors of the state of Louisiana at the statewide election to be held on October 14,  
3 2017.

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

8 Do you support an amendment concerning the ad valorem tax exemption for  
9 property of a nonprofit organization in Orleans Parish to require that the  
10 property be in use exclusively for the exempt purpose of the organization,  
11 and further to authorize the Orleans Parish governing authority, with voter  
12 approval, to limit or reduce ad valorem tax exemptions for nonprofit  
13 organizations by up to 50% of the property value, and in such event to  
14 require a concurrent downward adjustment of millages to reflect any  
15 resulting change in the tax base due to a change in an exemption? (Effective  
16 January 1, 2019) (Amends Article VII, Section 21(B)(3), Adds Article VII,  
17 Section 21(B)(4) and (5))

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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 448 Engrossed

2017 Regular Session

Abramson

**Abstract:** Limits eligibility for the ad valorem tax exemption in Orleans Parish for a nonprofit organization to property that is in use exclusively for the exempt purpose of the organization, and authorizes adjustment of the extent of the tax exemption by the Orleans Parish governing authority, subject to voter approval, and requiring concurrent downward adjustment of millages to reflect any resulting changes in the tax base.

Present constitution provides for the classification and assessment of property subject to ad valorem taxation. Further provides certain exemptions to ad valorem taxes.

Present constitution authorizes an exemption for property owned by a nonprofit corporation or association organized and operated exclusively for the following purposes:

- (1) Religious.
- (2) Dedicated places of burial.
- (3) Charitable.
- (4) Health and welfare.
- (5) Educational.
- (6) A charitable or fraternal club or lodge.
- (7) Promotion of trade, travel, and commerce.
- (8) A professional society or association for trade, business, or industry.

Present constitution authorizes an exemption for property leased to a nonprofit corporation or association for use solely for the following purposes:

- (1) Housing for homeless persons.
- (2) Property of a bona fide labor organization representing its members or affiliates in collective bargaining efforts.

Present constitution provides that none of the property of nonprofit corporations or organizations shall be exempt if owned, operated, leased, or used for commercial purposes unrelated to the exempt purposes of the corporation or association.

Proposed constitutional amendment retains present constitution and prohibits eligibility for the exemption for property in Orleans Parish if the property has been vacant for longer than two years or is not wholly devoted to and exclusively used for the exempt purpose of the corporation or association. For purposes of proposed constitutional amendment "exclusive use" occurs when no more than 5% of the nonprofit entity's annual revenue from that property is required to be reported as taxable income for purposes of federal taxation.

Proposed constitution adds authority for the Orleans Parish governing authority, by ordinance and with voter approval, to provide for the applicability or extent of exemptions for nonprofit organizations. A reduction in the amount of a tax exemption shall not exceed fifty percent of the assessed value of the property. Any change in an exemption shall become effective on the first day of the calendar year following the year in which it was approved and shall be deemed to be an implementation of proposed constitution.

Proposed constitution requires that in any year in which the provisions of proposed constitution are implemented, all millages in Orleans Parish shall be adjusted downward to prevent any increase in the amount of taxes collected due to the provisions of proposed constitution. To accomplish this result, each taxing authority is required, in any year of implementation, to adjust millages downwards without regard to millage limitations contained in present constitution, and the maximum authorized millages shall be decreased, without further voter approval. Thereafter, such millages shall remain in effect unless changed as permitted by present constitution.

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

Effective Jan. 1, 2019.

(Amends Const. Art. VII, §21(B)(3); Adds Const. Art. VII, §21(B)(4) and (5))

Summary of Amendments Adopted by House

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

1. Add restrictions for eligibility for the exemption concerning vacant property and proportions of revenue from such property being subject to reporting as taxable income for purposes of federal taxes.