

2018 Regular Session

SENATE BILL NO. 148

BY SENATOR MORRELL

TAX EXEMPTIONS. Constitutional amendment to require local government approval of the industrial property tax exemption. (2/3 - CA13s1(A))

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A JOINT RESOLUTION

Proposing to amend Article VII, Section 21(F) of the Constitution of Louisiana, relative to the industrial property tax exemption; to require local government approval of contracts pursuant to the industrial property tax exemption program; to reduce the renewal period for the exemptions granted pursuant to the program; to provide for the determination of best interest of the state; and to specify an election for submission of the proposition to electors and provide a ballot proposition.

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, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 21(F) of the Constitution of Louisiana, to read as follows:

§21. Other Property Exemptions

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

\* \* \*

(F)(1) Notwithstanding any contrary provision of this Section, the State

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; with the approval of the governor and the endorsement of the  
5 sheriff, school board, municipality, and parish governing authority in which the  
6 establishment is located, on such terms and conditions as the board, with the  
7 approval of the governor and the endorsement of the sheriff, school board,  
8 municipality, and parish governing authority in which the establishment is  
9 located, ~~deems~~ determines to be in the best interest of the state.

10 (2) Criteria for determining what is in the best interest of the state shall  
11 be established by the State Board of Commerce and Industry. These criteria  
12 shall include the number of new, permanent direct jobs created by the facility,  
13 and may include retention of existing jobs upon a showing of compelling  
14 circumstances as provided by the board.

15 (3)(a) The exemption shall be for an initial term of no more than five  
16 calendar years, ~~and may be renewed for an additional five years.~~ All property  
17 exempted shall be listed on the assessment rolls and submitted to the Louisiana Tax  
18 Commission or its successor, ~~but no taxes shall be collected thereon~~ and up to one  
19 hundred percent of the assessed valuation may be exempted from ad valorem  
20 taxation during the period of exemption.

21 (b) After the initial term, the exemption may be renewed for up to three  
22 additional years and property exempted shall be listed on the assessment rolls  
23 and submitted to the Louisiana Tax Commission or its successor, and up to  
24 eighty percent of the assessed valuation may be exempted from ad valorem  
25 taxation during the renewal period.

26 (4) The terms "manufacturing establishment" and "addition" as used herein  
27 mean a new plant or establishment or an addition or additions to any existing plant  
28 or establishment which engages in the business of working raw materials into wares  
29 suitable for use or which gives new shapes, qualities or combinations to matter which

1 already has gone through some artificial process.

2 \* \* \*

3 Section 2. Be it further resolved that this proposed amendment shall be submitted  
4 to the electors of the state of Louisiana at the statewide election to be held on November 6,  
5 2018.

6 Section 3. Be it further resolved that on the official ballot to be used at said 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 require local government endorsement of  
11 tax exemptions granted under the industrial property tax exemption program,  
12 to limit the renewal of the exemption to three years during which only eighty  
13 percent of the value of the property may be exempt from taxation, and to  
14 require that the Board of Commerce and Industry focus on new direct jobs  
15 in determining if the exemption should be granted?

16 (Amends Article VII, Section 21(F))

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

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DIGEST

SB 148 Original                      2018 Regular Session                      Morrell

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 present constitution ability of the board to enter into contracts to exempt certain manufacturing facilities from certain ad valorem taxes but adds a requirement that the exemption must receive the endorsement of the sheriff, school board, municipality, and parish governing authority in which the establishment is located.

Present constitution authorizes a five-year renewal of up to a 100% exemption of ad valorem taxes that would otherwise be due.

Proposed constitutional amendment limits the renewal period to three years and limits the exemption to 80% of the assessed valuation.

Present constitution requires the board to take into account the best interests of the state

when determining whether or not to grant an industrial property tax exemption.

Proposed constitutional amendment requires that the State Board of Commerce and Industry establish criteria for determining what is in the best interest in the state and that these criteria shall include the creation of new, permanent direct jobs.

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))