

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

TAX/AD VALOREM-EXEMPTION: (Constitutional Amendment) Authorizes the granting of ad valorem tax exemption contracts by the Board of Commerce and Industry for certain businesses.

DIGEST

Proposed constitutional amendment provides for an exemption from ad valorem property tax for property owned or leased by, and used by, a "targeted non-manufacturing business" in the operation of its facility, including buildings, improvements, equipment and other property necessary or beneficial to such operation, pursuant to contracts of exemption which contain such terms and conditions as provided by law.

Land underlying the facility and other property pertaining to the facility on which ad valorem taxes have previously been paid, inventories, consumables and property eligible for the manufacturing exemption in the present constitution are not to be exempt. However, ad valorem taxes must apply to the assessed valuation of the first \$10 million or 10% of fair market value, whichever is greater, and that amount is not exempt.

"Targeted non-manufacturing business" is defined as a business which has at least 50% of its total annual sales from a site or sites in the state to out-of-state customers or buyers, or to in-state customers or buyers but the product or service is resold by the purchaser to an out-of-state customer or buyer for ultimate use, or to the federal government, or any combination thereof. Authorizes the legislature to provide by law for the inclusion of sales by affiliates when appropriate in making this 50% determination.

A contract for the exemption is available only in parishes which have agreed to participate, in the manner provided by the legislature by law.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 6, 2012.

Effective Jan. 1, 2013.

(Adds Const. Art. VII, §21(L))

Summary of Amendments Adopted by House

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

- 1. Added authorization for the legislature to provide by law for approval of contracts by the parish governing authority and the board.

House Floor Amendments to the engrossed bill.

- 1. Added approval authority for municipalities and school districts relative to program participation and the granting of ad valorem tax exemption contracts.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs
to the reengrossed bill

1. Removes the following specific provisions from the proposed constitutional amendment and replaces the provisions with those set forth in the above digest:
 - a. The authorization for the State Board of Commerce and Industry to grant the exemption contract on such terms and conditions as deemed by the board to be in the best interest of the state.
 - b. A requirement that only the parish, municipality, or school district agree to participate in the program (replaced as indicated in the digest above with a more general requirement that a contract for the exemption is available only in parishes which have agreed to participate, in the manner provided by the legislature by law).
 - c. A provision directing the legislature to establish a program for the granting of contracts, with the exception that "provisions regarding specific taxes" must be as was provided in proposed constitutional amendment prior to its amendment (replaced as indicated in the digest above with a general requirement that the contracts of exemption contain such terms and conditions as provided by law).
 - d. The requirement for gubernatorial approval.
 - e. A specific requirement that all property exempted pursuant to a contract be listed on the assessment rolls, and that the exemption must in no way affect or impair the security of any existing bonds payable from the proceeds of a tax.
 - f. A requirement that the initial term of a contract shall be up to five calendar years.