

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 674 by Representative Robideaux

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

Synopsis of Senate Amendments

1. Generally removes program detail from the constitution.
2. Removes requirement for gubernatorial approval of ad valorem tax exemption contracts.
3. Removes 5 year limit on contracts.
4. Adds definition of a "targeted non-manufacturing business".
5. Adds provisions excluding from the exemption the first \$ 10 million or 10% of fair market value of the facility.
6. Removes limitation on legislative authority to determine which specific taxes to which the exemption would apply.

Digest of Bill as Finally Passed by Senate

Robideaux

HB No. 674

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 shall not 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 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))