
DIGEST

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HB 206 Engrossed

2017 Regular Session

Carmody

Abstract: Establishes a program for the consideration and approval of exemption contracts for the ad valorem tax exemption for certain manufacturing establishments (ITEP).

Present constitution authorizes an ad valorem tax exemption for capital additions and expansions to manufacturing plants. The exemption is effectuated through a contract between the property owner and the state, as such contract is approved by the Board of Commerce and Industry and the governor.

Proposed law establishes a program for purposes of the ad valorem tax exemption authorized for the property of certain manufacturing establishments as provided for in the constitution, to be administered by the Board of Commerce and Industry (board).

Proposed law requires the board to establish eligibility requirements for applicants for the exemption, which requirements may include provisions concerning expectations for returns on investment for purposes of foregone ad valorem tax revenue.

Proposed law requires that the board review applications for the exemption and render its recommendation concerning each application, either to recommend or reject the application. If an application is recommended by the board, the board shall develop a proposed exemption contract to effectuate the exemption should it receive final approval.

Proposed law provides that applications that are recommended for approval by the board shall be submitted to the Exemption Incentive Review Committee for the parish in which the applicant's property for which the exemption is sought is located, referred to in proposed law as "committee".

Proposed law establishes an Exemption Incentive Review Committee in each parish, to be comprised of both permanent and ad hoc members.

Proposed law provides that the permanent membership of the committee shall be comprised of the following elected officials:

- (1) The president of the parish government.
- (2) The assessor.
- (3) The sheriff.
- (4) The chairman of the school board.
- (5) The secretary of the Dept. of Economic Development, or his designee who shall be an employee of the state in an appointed position.
- (6) The member of the La. House of Representatives and the member of the La. Senate that represent the district in which the property for which the exemption is sought is located, which membership shall alternate on an annual basis between the member of the House of Representatives and the member of the Senate. The member of the House of Representatives shall serve in odd-numbered years and the member of the Senate shall serve in even-numbered years.

Proposed law provides that the following elected officials shall serve as the ad hoc membership of the committee, which members shall have all rights and powers of permanent committee members when they are serving on the committee:

- (1) If the location of the property for which the exemption is sought is within a municipality, the mayor of the municipality.
- (2) If the property for which the exemption is sought is located in an unincorporated area of the parish, the member of the La. Legislature who is a permanent member of the committee and who is not currently serving their term as a permanent member shall serve as an ad hoc member of the committee for purposes of consideration of the application for an exemption for that property.

Proposed law requires that the permanent membership of the committee hold its first meeting no later than Oct. 1, 2017, to elect officers, establish rules and procedures, and for any other purposes deemed necessary by its members. Once elected, officers of the committee shall serve a term of one calendar year and may be reelected.

Proposed law requires that each application presented to a committee shall be either approved or denied, as evidenced by the adoption of a resolution, within 30 days of receipt of the application. Proposed exemption contracts may be revised as required by the committee.

Proposed law requires that committee review of an application include consideration of a report prepared by the assessor which estimates the fiscal impact of the proposed ad valorem tax exemption

on all affected taxing authorities.

Proposed law requires that the committee furnish to the board a copy of any resolution it adopts to approve an exemption, as well as any requirements for revision of the proposed exemption contract. Upon receipt of a resolution and any exemption contract revisions, the board is required to prepare the final exemption contract along with a cooperative endeavor agreement to be executed by the chairman of the committee and the applicant.

Proposed law requires that information concerning exemption contracts shall be provided to the Louisiana Tax Commission as determined by the commission.

Proposed law authorizes rulemaking by the board for purposes of proposed law and specifies that for purposes of the Administrative Procedure Act, the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs shall serve as oversight committees.

Effective if and when the proposed amendment of Article VII, Section 21(F) of the Constitution of La. contained in the Act which originated as House Bill No. 180 of this 2017 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Adds R.S. 47:1713)

Summary of Amendments Adopted by House

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

1. For local approval of proposed exemption contracts, change the approval authority from the parish governing authority to the new committee established in each parish for this purpose.
2. For final approval of proposed exemption contracts, change the approval authority from the governor to the chairman of the new committee established in each parish for this purpose.
3. Establish an Exemption Incentive Review Committee within each parish to consider for purposes of approval proposed exemption contracts submitted by the Board of Commerce and Industry.