HLS 18RS-479 ORIGINAL

2018 Regular Session

HOUSE BILL NO. 475

BY REPRESENTATIVE IVEY

TAX/AD VALOREM-EXEMPTION: (Constitutional Amendment) Provides with respect to the ad valorem property tax exemption for certain manufacturers

1 A JOINT RESOLUTION 2 Proposing amend Article VII, Section 21(F) of the Constitution of Louisiana, relative to ad 3 valorem property tax exemptions; to provide with respect to the exemption for 4 certain property of a manufacturing establishment; to provide for the term of the 5 exemption; to provide relative to authorization for approval of an exemption; to require the legislature to provide by law for certain provisions concerning the 6 7 exemption; to provide for submission of the proposed amendment to the electors; and 8 to provide for related matters. 9 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members 10 elected to each house concurring, that there shall be submitted to the electors of the state of 11 Louisiana, for their approval or rejection in the manner provided by law, a proposal to 12 amend Article VII, Section 21(F) of the Constitution of Louisiana, to read as follows: 13 §21. Other Property Exemptions 14 Section 21. In addition to the homestead exemption provided for in Section 15 20 of this Article, the following property and no other shall be exempt from ad 16 valorem taxation: 17 18 (F) Notwithstanding any contrary provision of this Section, the State Board 19 of Commerce and Industry or its successor, with the approval of the governor, may 20 enter into contracts for the there is hereby authorized an exemption from ad valorem

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	taxes for the property of a new manufacturing establishment or an addition to an
2	existing manufacturing establishment, on such terms and conditions as the board,
3	with the approval of the governor, deems in the best interest of the state. The
4	granting of an exemption shall be subject to approval by the governor.
5	(1) The exemption shall be for an initial <u>a</u> term of no more than five <u>seven</u>
6	calendar years, and may be renewed for an additional five years. However, for a
7	specific project, upon the recommendation of the governor, an exemption in excess
8	of seven years may be granted if approved by a favorable vote of two-thirds of the
9	members of a committee of the legislature. All property exempted shall be listed on
10	the assessment rolls and submitted to the Louisiana Tax Commission or its
11	successor, but no taxes shall be collected thereon during the period of exemption.
12	(2) The terms "manufacturing establishment" and "addition" as used herein
13	mean a new plant or establishment or an addition or additions to any existing plant
14	or establishment which engages in the business of working raw materials into wares
15	suitable for use or which gives new shapes, qualities or combinations to matter which
16	already has gone through some artificial process.
17	(3) The legislature by law shall establish a program for implementation and
18	governance of this exemption, which may include requirements for application for
19	and approval of the granting of an exemption and additional eligibility requirements
20	restricted to those that concern expectations for returns on investment for local
21	governments. Any law establishing a procedure concerning the approval of an
22	exemption, once enacted, shall not be changed except by specific legislative
23	instrument which receives a favorable vote of two-thirds of the elected members of
24	each house of the legislature.
25	* * *
26	Section 2. Be it further resolved that this proposed amendment shall be submitted
27	to the electors of the state of Louisiana at the statewide election to be held on November 6,
28	2018.

1 Section 3. Be it further resolved that on the official ballot to be used at the election, 2 there shall be printed a proposition, upon which the electors of the state shall be permitted 3 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as 4 follows: 5 Do you support an amendment to require that the legislature provide by law 6 for a program governing various aspects of the property tax exemption for a 7 new manufacturing establishment or additions to such an establishment, to 8 change the limit on the term of the exemption, and to remove the specific 9 constitutional authority for approval of these exemptions? (Amends Art. VII, 10 Sec. 21(F))

## 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)]

HB 475Original

2018 Regular Session

Ivey

**Abstract:** Requires the legislature to provide by law for a program governing the property tax exemption for certain property of a manufacturing establishment (ITEP), changes the limit on the term of the exemption <u>from</u> 10 years to 7 years, and removes specific provisions of <u>present constitution</u> granting authority for approval of the exemptions by the State Board of Commerce and Industry.

<u>Present constitution</u> authorizes a property tax exemption for new manufacturing establishments and miscellaneous additions to existing establishments for an initial term of five years, with a five year renewal, hereinafter (exemption). The exemption is effectuated through a contract granted by the Board of Commerce and Industry, with the approval of the governor.

<u>Proposed constitutional amendment</u> removes from <u>present constitution</u> specific authority for the approval of the exemptions by the State Board of Commerce and Industry but retains authority for gubernatorial approval.

<u>Proposed constitutional amendment</u> changes the limit on the term of the exemption  $\underline{\text{from}}$  an initial five year term with a five year renewal  $\underline{\text{to}}$  a term of seven years. Further, for a specific project, upon the recommendation of the governor, an exemption in excess of seven years may be granted if approved by a favorable vote of two-thirds of the members of a legislative committee.

<u>Proposed constitutional amendment</u> changes <u>present constitution</u> by requiring the legislature to provide by law for a program governing various aspects of the exemption, which may include additional eligibility requirements restricted to those that concern expectations for returns on investment for local governments. Any law establishing a procedure concerning the authority to approve an exemption, once enacted, shall not be changed except by specific legislative instrument which receives a favorable vote of 2/3rds of the elected members of each house of the legislature.

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 6, 2018.

(Amends Art. VII, §21(F))