
DIGEST

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HB 362 Original

2015 Regular Session

Stokes

Abstract: Reduces the amount of the ad valorem property tax exemption on manufacturing establishments or additions from a 100% exemption to an exemption which shall not exceed 85% of the assessed value of the property and reduces the term of the contract from a total of 10 calendar years to not more than eight calendar years.

Present constitution requires the assessment of property for purposes of ad valorem taxation. The assessed value of a property shall be based on a percentage of the property's fair market value. Present constitution provides for a list of property exempt from ad valorem property tax in addition to the homestead exemption.

Present constitution authorizes the State Board of Commerce and Industry, with the approval of the governor, to enter into contracts exempting new manufacturing establishments or additions to existing manufacturing establishments from ad valorem property taxes on terms and conditions the board deems in the best interest of the state. The initial term of the exemption contract shall be for no more than five calendar years with authorization for a renewal for an additional five years.

Proposed constitutional amendment changes present constitution by reducing the amount of the exemption on manufacturing establishments or additions to manufacturing establishments from a 100% exemption to an exemption which shall not exceed 85% of the assessed value of the property. Proposed constitutional amendment further reduces the term of the contract from an initial term of five calendar years with an additional five year renewal to a term of not more than eight calendar years.

Present constitution defines a "manufacturing establishment" or an "addition" as a new plant or establishment or an addition or additions to any existing plant or establishment which engages in the business of working raw materials into wares suitable for use or which gives new shapes, qualities or combinations to matter which has gone through some artificial process.

Proposed constitutional amendment retains present constitution.

Effective Jan. 1, 2016, and is applicable to all contracts executed on and after that date.

Provides for submission of the proposed amendment to the voters at the statewide election to be held October 24, 2015.

(Amends Art. VII, §21(F))