2019 Regular Session

HOUSE BILL NO. 440

BY REPRESENTATIVE IVEY

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

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 to amend Article VII, Section 21(F) of the Constitution of Louisiana, relative to
3	ad valorem property tax exemptions; to establish exemptions for certain property of
4	manufacturing establishments; to provide for the terms of exemptions; to provide for
5	the amount of exemptions; to provide relative to authorization for approval of
6	exemptions; to authorize the administration of the exemption in law; to provide for
7	certain limitations; to provide for certain requirements; to provide for limitations to
8	provide for submission of the proposed amendment to the electors; and to provide
9	for related matters.
10	Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members
11	elected to each house concurring, that there shall be submitted to the electors of the state of
12	Louisiana, for their approval or rejection in the manner provided by law, a proposal to
13	amend Article VII, Section 21(F) of the Constitution of Louisiana, to read as follows:
14	§21. Other Property Exemptions
15	Section 21. In addition to the homestead exemption provided for in Section 20 of
16	this Article, the following property and no other shall be exempt from ad 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 a standard and non-standard

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exemption from ad valorem taxes of <u>for</u> a new manufacturing establishment or an
 addition to an existing manufacturing establishment, as follows: on such terms and
 conditions as the board, with the approval of the governor, deems in the best interest
 of the state.

5 (1) The standard exemption shall be for an initial a term of no more than five 6 seven calendar years, and may be renewed for an additional five years. and shall 7 provide for an ad valorem tax exemption of eighty percent of the property taxes of 8 the manufacturing establishment or an addition to an existing manufacturing 9 establishment. The granting of a standard exemption shall be approved by the Board 10 of Commerce and Industry, or its successor. No additional approval is required for 11 the granting of this exemption, however the legislature may provide for the 12 administration of this exemption in law, subject to a favorable vote of two-thirds of 13 the elected members of each house of the legislature.

(2) The non-standard exemption shall be for a term greater than seven
 calendar years and shall provide for an ad valorem tax exemption greater than eighty
 percent of the property tax of the manufacturing establishment or an addition to an
 existing manufacturing establishment. The granting of a non-standard exemption
 shall be approved by the governor.

(3) All applicants seeking an ad valorem tax exemption under this Paragraph
 shall qualify for the standard exemption, only upon invitation by the governor shall
 an applicant be eligible to apply for a non-standard ad valorem tax exemption.

(4) All property exempted shall be listed on the assessment rolls and
submitted to the Louisiana Tax Commission or its successor, but no taxes shall be
collected thereon during the period of exemption.

25 (5) The terms "manufacturing establishment" and "addition" as used herein
26 mean a new plant or establishment or an addition or additions to any existing plant
27 or establishment which engages in the business of working raw materials into wares
28 suitable for use or which gives new shapes, qualities or combinations to matter which
29 already has gone through some artificial process.

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1	* * *
2	Section 2. Be it further resolved that this proposed amendment shall be submitted
3	to the electors of the state of Louisiana at the statewide election to be held on October 12,
4	2019.
5	Section 3. Be it further resolved that on the official ballot to be used at the election,
6	there shall be printed a proposition, upon which the electors of the state shall be permitted
7	to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
8	follows:
9	Do you support an amendment to authorize ad valorem property tax
10	exemptions for certain new manufacturing establishments or additions to to
11	such establishments and to provide for the approval, terms, and amounts of
12	the exemptions? (Amends Article VII, Section 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)]

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Abstract: Establishes a standard and a non-standard property tax exemption for manufacturing establishments and additions to manufacturing establishments. A standard ad valorem property tax exemption shall exempt 80% of a property from ad valorem taxes for a term of 7 years and a non-standard ad valorem property tax exemption shall exempt a property for more than 80% of property taxes for a term of no longer than 7 years.

<u>Present constitution</u> authorizes a property tax exemption (hereinafter (exemption)) for new manufacturing establishments and miscellaneous additions to existing establishments for an initial term of five years, with a five year renewal. 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> authorizes two ad valorem property tax exemptions for new manufacturing establishments and additions to existing manufacturing establishments as follows:

- (1) A standard exemption which shall be for a term of 7 years which exempts a property from 80% of its property taxes. The standard exemption is subject to approval by the Board of Commerce and Industry with no additional approval requirement.
- (2) A non-standard exemption which shall be for a term longer than 7 years which exempts a property from more than 80% of its property taxes. The non-standard exemption is only available to applicants if offered by the governor. The non-standard exemption is subject to approval by the governor.

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<u>Proposed constitutional amendment</u> retains <u>present law</u> related to listing property on tax assessment rolls and various definitions.

Provides for submission of the proposed amendment to the voters at the statewide election to be held October 12, 2019.

(Amends Art. VII, §21(F))