

2019 Regular Session

HOUSE BILL NO. 616 (Substitute for House Bill No. 539 by Representative Marcelle)

BY REPRESENTATIVE MARCELLE

TAX INCREMENT FINANCING: Provides relative to tax increment financing in certain parishes

1 AN ACT

2 To enact R.S. 33:9038.72, relative to tax increment financing; to provide for the creation of  
3 tax increment financing districts in certain parishes; to provide for cooperative  
4 economic development; to provide for the powers and duties of the district, including  
5 the authority to levy ad valorem taxes, sales taxes, and hotel occupancy taxes; to  
6 provide relative to exemptions from taxation; to authorize the incurrence of debt  
7 through the issuance of bonds, notes, and other forms of indebtedness; to provide for  
8 the validation of bonds and cooperative endeavor agreements; to provide for an  
9 effective date; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 33:9038.72 is hereby enacted to read as follows:

12 §9038.72. Tax increment financing districts

13 A. Creation. (1) The legislature has determined that there are many areas of  
14 the state where there is substantial and persistent unemployment, underemployment,  
15 and other forms of economic distress. Economic distress causes hardship to many  
16 individual citizens of the state and their families and adversely affects the welfare  
17 and prosperity of the state and its people. In order to address the needs of these areas  
18 for economic development and especially the creation of employment opportunities,  
19 the governing authority of a parish with a population of more than four hundred and

1        forty thousand persons as established by the most recent federal decennial census  
2        may create within the portions of the parish that suffer from a lack of economic  
3        opportunities one or more special tax increment financing districts, hereinafter  
4        referred to as the "district".

5                (2) The governing authority of a parish as described in Paragraph 1 of this  
6        Subsection shall establish the district by ordinance. The ordinance shall designate the  
7        boundaries of the district.

8                (3) Prior to the adoption of the ordinance, a notice describing the boundaries  
9        of the proposed district or containing a map showing the boundaries of the district  
10       shall be published two times in the official journal of the parish.

11               B. Governance. (1) A district created as provided in Subsection A of this  
12       Section shall be administered and governed by a board of commissioners, referred  
13       to in this Section as the "board". The board shall be comprised of the following  
14       members:

15               (a) One member appointed by the president or chief executive officer of the  
16       parish.

17               (b) One member appointed by the chief executive officer of the parish  
18       governing authority.

19               (c) One member of the Louisiana Senate whose district includes all or the  
20       greater portion of the area of the district.

21               (d) One member of the Louisiana House of Representatives whose district  
22       includes all or the greater portion of the area of the district.

23               (e) One member who resides in the district or owns property within the  
24       district, if that person applies for membership on the board and is approved by a  
25       majority of the other board members. Only one person appointed pursuant to this  
26       Subparagraph may be a member of the board.

27               (f) The governing authority of a parish as described in Paragraph (A)(1) of  
28       this Section may authorize members of the board to have a designee represent them  
29       at a meeting of the board.

1           (2) A majority of the members of the board shall constitute a quorum for the  
2           transaction of business. The board shall keep minutes of all meetings and shall make  
3           them available for inspection through the board's secretary. The minute books and  
4           archives of the district shall be maintained by the board's secretary. The monies,  
5           funds, and accounts of the district shall be in the official custody of the board.

6           (3) The board shall adopt bylaws and prescribe rules to govern its meetings.  
7           The members of the board shall serve without salary or per diem and shall be entitled  
8           to reimbursement for reasonable, actual, and necessary expenses incurred in the  
9           performance of their duties to the extent that funds are available and as provided by  
10          the board.

11          (4) The domicile of the board shall be established by the board at a location  
12          within the district.

13          (5) The board shall elect from its own members a president and secretary,  
14          whose duties shall be provided in the bylaws adopted by the district. The board shall  
15          hold regular meetings and may hold special meetings as provided in its bylaws. All  
16          meetings shall be public meetings subject to the provisions of R.S. 42:11 et seq.

17          C. Rights and powers. In addition to the authority provided for in Subsection  
18          D of this Section, the district, acting by and through its board, shall have and exercise  
19          powers of a political subdivision and a special district including but not limited to  
20          the following:

21                (1) To sue and be sued.

22                (2) To adopt bylaws and rules and regulations.

23                (3) To receive by gift, grant, or donation any sum of money, property, aid,  
24                or assistance from the United States, the state of Louisiana, or any political  
25                subdivision thereof, or any person, firm, or corporation.

26                (4) For the public purposes of the district, to enter into contracts, agreements,  
27                or cooperative endeavors with the state or its political subdivisions or political  
28                corporations and with any public or private association, corporation, business entity,  
29                or individual.

1           (5) To appoint officers, agents, and employees, prescribe their duties, and fix  
2           their compensation.

3           (6) To acquire by gift, grant, purchase, or lease such property as may be  
4           necessary or desirable for carrying out the objectives and purposes of the district and  
5           to mortgage and sell property. Any lease or sublease entered into by the district for  
6           the purpose, directly or indirectly, of securing or providing revenues to be used to  
7           pay the principal or interest on bonds of the district may be for a period not  
8           exceeding ninety-nine years.

9           (7) In its own name and on its own behalf, to incur debt and to issue bonds,  
10          notes, certificates, and other evidences of indebtedness. For the purposes of this  
11          Paragraph, the district is deemed and considered to be an issuer for purposes of R.S.  
12          33:9037 and shall, to the extent not in conflict with this Section, be subject to the  
13          provisions of R.S. 33:9037.

14          (8) To establish funds or accounts as are necessary for the conduct of the  
15          affairs of the district.

16          (9) To do all things reasonably necessary to accomplish the purposes of this  
17          Section.

18          (10) To designate by ordinance any territory within the district as a subdistrict  
19          in which shall be exercised, to the exclusion of the remainder of the district, any  
20          authority provided to the district by Subsection D of this Section or any other  
21          provision of this Section or other law.

22          D. Taxing, tax incremental financing, and bond authority. (1) To provide for  
23          the costs of an economic development project as defined in R.S. 33:9038.36 within  
24          the district, the district shall have tax increment finance authority, taxing authority,  
25          and other authority that is provided to local governmental subdivisions in Part II of  
26          this Chapter, including but not limited to the following items:

27                 (a) Ad valorem tax increment financing and bonding as provided in R.S.  
28                 33:9038.33.

1           (b) Local and state sales tax increment financing and bonding as provided in  
2           R.S. 33:9038.34.

3           (c) Cooperative endeavor authority as provided in R.S. 33:9038.35.

4           (d) Bond authority as provided in R.S. 33:9038.38.

5           (e) Ad valorem tax, sales tax, and hotel occupancy tax authority as provided  
6           in R.S. 33:9038.39.

7           (2) An economic development project within the district is deemed to be an  
8           "economic development project" within the meaning provided for in Part II of this  
9           Chapter.

10          (3) An agreement entered into by the district and any affected tax recipient  
11          entity authorizing the use and dedication of the affected tax recipient entity's  
12          incremental increase in taxes may include additional public or private entities as  
13          parties to the agreement and may include terms, conditions, and other provisions to  
14          which all parties to such agreement consent.

15          (4) Notwithstanding any provision of Part II of this Chapter or any other law  
16          to the contrary, any powers, authorities, or duties granted under these laws may be  
17          restricted to a subdistrict within the district, the territory of which shall be  
18          established by ordinance of the board of the district.

19          E. Project financing. The district may pledge any taxes collected under the  
20          authority of this Section to any economic development project in furtherance of the  
21          purposes of the district.

22          F. Validation suit. Any suit or action to determine or contest the validity of  
23          any cooperative endeavor, or any bonds, notes, or other forms of indebtedness of the  
24          district shall be brought and conducted only in accordance with the provisions of Part  
25          XVI of Chapter 32 of Title 13 of the Louisiana Revised Statutes of 1950, as  
26          amended.

27          G. Exemption from taxation. The exercise of the powers and authorities  
28          granted by this Section shall be in all respects for the benefit of the citizens of the  
29          state and for the promotion of their welfare, convenience, and prosperity. Property

1       of the district, whether immovable, movable, corporeal or incorporeal, and the  
2       income, earnings, and operations of the district, shall be exempt from all taxation,  
3       fees or assessments, or any other similar charges; however, this exemption shall  
4       terminate when the district sells or otherwise disposes of the property in the district  
5       to any purchaser or transferee which is not a public body.

6               H. Term. The district shall dissolve and cease to exist one year after the date  
7       all bonds, notes, and other evidences of indebtedness of the district, including  
8       refunding bonds, are paid in full as to both principal and interest. In no event shall  
9       the district have an existence of less than three years.

10              I. Liberal Construction. This Section, being necessary for the welfare of the  
11       parish, districts, and its residents, shall be liberally construed to effect the purposes  
12       thereof.

13       Section 2. This Act shall become effective upon signature by the governor or, if not  
14 signed by the governor, upon expiration of the time for bills to become law without signature  
15 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
16 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
17 effective on the day following such approval.

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#### 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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HB 616 Original

2019 Regular Session

Marcelle

**Abstract:** Authorizes the creation of tax increment financing districts in economically distressed areas located in parishes with a population exceeding 440,000 persons.

Proposed law authorizes the creation of one or more tax increment financing districts in parishes with a population of more than 440,000 persons as established by the most recent federal decennial census in order to address the needs of areas where there is substantial and persistent unemployment, underemployment, and other forms of economic distress.

Proposed law provides that the district shall be established by ordinance, which ordinance shall designate the boundaries of the district. Prior to adoption of the ordinance, a notice of the boundaries of the district shall be advertised twice in the official journal of the parish.

Proposed law provides for the composition, quorum, and domicile of the board of commissioners, and for public meetings, officers, bylaws, and records.

Proposed law authorizes the governing authority of the parish to authorize which, if any, members of the board may have a designee represent them at board meetings.

Proposed law provides that each district, acting by and through its board, shall exercise powers of a political subdivision, including the right to sue and be sued, to receive gifts, grants, and donations, to enter into contracts and cooperative endeavor agreements, to appoint officers, agents, and employees; to acquire or lease property; to incur debt and to issue bonds, notes, and other evidences of indebtedness in accordance with present law; and to do all things necessary to accomplish the purposes of proposed law.

Proposed law authorizes the board to designate subdistricts within the district, and to provide relative to the authority provided to the subdistrict.

Proposed law provides that in order to provide for the costs of an economic development project as defined in present law within the district, the district shall have such tax increment finance authority, taxing authority, and other authority that is provided to local governmental subdivisions in present law, including but not limited to the following:

- (1) Ad valorem tax increment financing and bonding.
- (2) State and local sales tax increment financing and bonding.
- (3) Cooperative endeavor authority.
- (4) Bond authority.
- (5) Ad valorem tax, sales tax, and hotel occupancy tax authority.

Proposed law provides that an economic development project within the district is deemed to be an "economic development project" within the meaning provided for in present law.

Proposed law provides that an agreement entered into by the district and any affected tax recipient entity authorizing the use and dedication of the affected tax recipient entity's incremental increase in taxes may include additional public or private entities as parties to such agreement and may include such terms, conditions, and other provisions to which all parties to such agreement consent.

Proposed law authorizes the district to pledge any taxes collected under the authority of proposed law to any economic development project in furtherance of the purposes of the district.

Proposed law provides that any suit or action to determine or contest the validity of any cooperative endeavor, or any bonds, notes, or other forms of indebtedness of the district shall be brought and conducted only in accordance with present law providing for bond validations.

Proposed law provides that all property of the district, and the income, earnings, and operations of the district, shall be exempt from all taxation, fees, or assessments, or any other similar charges; provided, however, that such exemption shall terminate when the district sells, or otherwise disposes of the property in the district to any purchaser or transferee not a public body.

Proposed law provides that the district shall dissolve and cease to exist one year after the date all bonds, notes, and other evidences of indebtedness of the district, including refunding bonds, are paid in full as to both principal and interest; however, under no event shall the district have an existence of less than three years.

Proposed law provides that as proposed law is necessary for the welfare of the parish, districts, and its residents, it shall be liberally construed to effect the purposes thereof.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 33:9038.72)