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## DIGEST

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HB 81 Reengrossed

2019 Regular Session

Abraham

**Abstract:** Authorizes a local taxing authority to enter into a cooperative endeavor agreement with a property owner that requires payments in lieu of ad valorem taxes imposed by that local taxing authority and establishes requirements concerning eligibility and approvals.

Proposed law authorizes a local governmental subdivision or other taxing authority (hereinafter "taxing authority") to enter into a cooperative endeavor agreement that provides for payments in lieu of ad valorem taxes imposed by that taxing authority, subject to the approval of the parish governing authority, the school board, the municipal governing authority, and the sheriff as evidenced by the adoption of a resolution for that purpose, or in the case of a sheriff, a letter.

Proposed law provides that the tax assessor be consulted in the negotiation of the cooperative endeavor agreement terms.

Proposed law requires that a public hearing be held prior to the adoption of a resolution for the approval of a cooperative endeavor agreement pursuant to proposed law. Public notice is required in the form of advertisement in the official journal of the taxing authority, or in the absence of an official journal, its local equivalent, at least once no later than 14 days prior to the hearing. The public notice shall provide for where a copy of the draft cooperative endeavor agreement may be examined.

Proposed law requires the business requesting the approval of the cooperative endeavor agreement to provide a copy of the proposed agreement to the Dept. of Economic Development (DED) for review. The public hearing cannot be scheduled until the business receives a written summary by DED of the economic impacts of the project.

Proposed law provides that any property subject to an agreement shall be exempt from ad valorem taxation or may provide for a reduction in ad valorem taxes during the term of the agreement to the extent provided for in the agreement.

Proposed law limits cooperative endeavor agreements entered into for payment in lieu of taxes to a term of no more than 25 years.

Proposed law provides that a cooperative endeavor agreement shall have no application to any ad valorem tax of a taxing authority which is not a party to the agreement.

Proposed law limits eligibility for the exemption to the property of a manufacturing establishment

that qualifies for the industrial tax exemption.

Proposed law and proposed constitutional amendment further prohibit eligibility for this exemption for a manufacturing establishment that has had a contract for the industrial tax exemption, unless it is within the first four years of the industrial tax exemption contract.

Proposed law requires that exempt properties be listed on the assessment rolls and information concerning those properties be submitted to the La. Tax Commission.

Proposed law provides that administrative provisions concerning the collection of monies due under an agreement shall be the same as those for ad valorem taxes. Further, the validity of an agreement, as well as any transaction contemplated thereby, may be determined by the filing of a suit as provided in present law, in the district court having jurisdiction for any party to the agreement in the same manner and as though the agreement constitutes an issuance of bonds by the taxing authority.

Present law defines a "cooperative endeavor agreement" as a form of economic development assistance between and among the state and local governments and other entities.

Proposed law retains present law and adds "agreements providing for payments in lieu of taxes" to the definition of "cooperative endeavor agreement".

Proposed law defines "manufacturing establishment" for purposes of proposed law 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 already has gone through some artificial process.

Effective if and when House Bill No. 76 of this 2019 R.S. is enacted and becomes effective.

(Amends R.S. 33:9021(8) and (10), and 9022(1); Adds R.S. 33:2759.1)

#### Summary of Amendments Adopted by House

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

1. Change the authority that initially approves the cooperative endeavor agreement from the taxing authority agreeing to the cooperative endeavor agreement to the parish governing authority, the school board, the municipal governing authority and sheriff mirroring the approval process for industrial tax exemptions.
2. Add a maximum term of 25 years for cooperative endeavor agreements entered into for payments in lieu of taxes.

The House Floor Amendments to the engrossed bill:

1. Impose a requirement that a business applying for a payment in lieu of taxes agreement provide a copy of the proposed cooperative endeavor agreement to the Dept. of Economic Development (DED) for review and the required public hearing cannot be scheduled until the DED provides the business with a written summary of the direct, indirect, and induced impacts of the project.
2. Define manufacturing establishments for purposes of proposed law.
3. Make technical changes.