HLS 201ES-114 ORIGINAL

2020 First Extraordinary Session

HOUSE BILL NO. 41

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of Louisiana, to read as follows:

BY REPRESENTATIVE IVEY

TAX/AD VALOREM TAX: (Constitutional Amendment) Establishes an ad valorem tax exemption for capital investment projects and for certain property subject to a cooperative endeavor agreement requiring the property owner to make payments in lieu of taxes (Item #28)

## A JOINT RESOLUTION

Proposing to amend Article VII, Section 21(F) of the Constitution of Louisiana and to add

Article VII, Section 21(O) of the Constitution of Louisiana, relative to ad valorem property tax exemptions; to establish exemptions for certain property; to establish exemptions for certain capital investment projects; to provide for the terms of exemptions; to provide for the amount of the exemptions; to provide authorization for approval of the exemptions; to provide for the administration of the exemptions; to provide for review by the Board of Commerce and Industry; to provide for approval from political subdivisions; to provide for gubernatorial approval; to establish an exemption for certain non-residential property subject to a cooperative endeavor agreement requiring payments in lieu of taxes; to provide for certain requirements and limitations; to provide for certain limitations; to provide for certain requirements; to provide for submission of the proposed amendment to the electors; and to provide for related matters. and to provide for related matters. Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 21(F) and to add Article VII, Section 21(O) of the Constitution

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

§21. Other Property Exemption	§21.	Other	Property	Exem	ption
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Section 21. In addition to the homestead exemption provided for in Section 20 of this Article, the following property and no other shall be exempt from ad valorem taxation:

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of Commerce and Industry or its successor, with the approval of the governor, may enter into contracts for the exemption there are hereby authorized standard, local, and executive exemptions from ad valorem taxes of a new manufacturing establishment or an addition to an existing manufacturing establishment, on such terms and conditions as the board, with the approval of the governor, deems in the best interest of the state. for capital investment projects as follows:

(1) The <u>standard</u> exemption shall be for an <u>initial a</u> term of <u>no more than five</u> <u>eight</u> calendar years, and <u>may be renewed for an additional five years shall provide</u> for an ad valorem tax exemption of eighty percent of the property taxes of the capital investment project. The granting of a standard exemption shall be reviewed by the Board of Commerce and Industry, or its successor as provided by law, and shall be subject to local approval as prescribed by law. Enactment of any law to administer this exemption shall require a favorable vote of two-thirds of the elected members of each house of the <u>legislature</u>.

- (2) The local exemption shall be for a term of no more than fifteen years and may provide for an ad valorem tax exemption of up to one hundred percent of the property taxes of the capital investment project. The granting of a local exemption shall be subject to local approval as prescribed by law. Enactment of any law to administer this exemption shall require a favorable vote of two-thirds of the elected members of each house of the legislature.
- (3) The executive exemption shall be for a term determined by the governor and may provide for an ad valorem tax exemption of up to one hundred percent of the property taxes of the capital investment project. The granting of an executive

1 exemption shall require approval from the governor and shall be subject to local 2 approval as prescribed by law. Enactment of any law to administer this exemption 3 shall require a favorable vote of two-thirds of the elected members of each house of 4 the legislature. All property exempted shall be listed on the assessment rolls and 5 submitted to the Louisiana Tax Commission or its successor, but no taxes shall be 6 collected thereon during the period of exemption. 7 The terms "manufacturing establishment" and "addition" as used herein mean 8 a new plant or establishment or an addition or additions to any existing plant or 9 establishment which engages in the business of working raw materials into wares 10 suitable for use or which gives new shapes, qualities or combinations to matter which 11 already has gone through some artificial process. 12 13 (O)(1) Non-residential property subject to a cooperative endeavor agreement 14 entered into between the property owner and one or more taxing authorities, which 15 agreement requires the property owner to make payments in lieu of taxes. 16 (2) The exemption authorized pursuant to this Paragraph shall be to the 17 extent agreed to and provided for in the cooperative endeavor agreement. All 18 property made part of the cooperative endeavor agreement shall be listed on the 19 assessment rolls and submitted to the Louisiana Tax Commission. (3) The legislature shall provide by law for the implementation of this 20 21 Paragraph, including the non-residential property eligible for the exemption. 22 Enactment of any law to implement this Paragraph and any amendment to that law 23 shall require a two-thirds vote of the elected members of each house of the 24 legislature. 25 Section 2. Be it further resolved that this proposed amendment shall be submitted 26 to the electors of the state of Louisiana at the statewide election to be held on November 3, 27 2020. 28 Section 3. Be it further resolved that on the official ballot to be used at the election, 29 there shall be printed a proposition, upon which the electors of the state shall be permitted to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
follows:

Do you support an amendment to authorize property tax exemptions for
capital investment projects, to provide for the approval, terms, and amounts
of the exemptions, and to authorize the legislature to provide for the
administration of the exemptions by law and to grant a property tax
exemption for non-residential property subject to a cooperative endeavor

legislature to enact laws related to the exemption? (Amends Article VII,

agreement with local taxing authorities allowing the property owner to make

payments in place of property taxes and to require a two-thirds vote of the

Section 21(F); Adds Article VII, Section 21(O))

## **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 41 Original

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2020 First Extraordinary Session

Ivey

**Abstract:** Establishes an ad valorem tax exemption for certain capital investment projects and non-residential property subject to a cooperative endeavor agreement that requires the property owner to make payments in lieu of ad valorem taxes.

<u>Present constitution</u> authorizes a property tax exemption for new manufacturing establishments and 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 three ad valorem property tax exemptions for capital investment projects as follows:

- (1) A standard exemption for a term of eight calendar years for 80% of its property taxes. The exemption is subject to review by the Board of Commerce and Industry. This exemption is subject to local approval as provided by law.
- (2) A local exemption for a term of no more than 15 calendar years for up to 100% of its property taxes. This exemption requires the approval of local taxing authorities as provided by law.
- (3) An executive exemption for a term determined by the governor for up to 100% of its property taxes. This exemption requires approval of the governor and is subject to local approval as provided by law.

<u>Proposed constitutional amendment</u> also requires that any law enacted to administer any of the new exemptions requires a favorable vote of two-thirds of the elected members of each house of the legislature.

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<u>Present constitution</u> authorizes the imposition of ad valorem property taxes by local governments, school boards, and other special districts.

<u>Present constitution</u> establishes a list of exclusive ad valorem tax exemptions.

<u>Proposed constitutional amendment</u> changes <u>present constitution</u> by creating an exemption for non-residential property subject to a cooperative endeavor agreement requiring the property owner to make payments in lieu of the ad valorem taxes imposed by a taxing authority party to the agreement.

<u>Proposed constitutional amendment</u> requires the legislature to provide for the implementation of <u>proposed constitutional amendment</u>, including the non-residential property eligible for the exemption.

<u>Proposed constitutional amendment</u> requires that any law enacted to implement this payment in lieu of taxes program will require a two-thirds vote of both houses of the legislature.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 3, 2020.

(Amends Const. Art. VII, §21(F); Adds Const. VII, §21(O))