DIGEST

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Robideaux HB No. 694

Abstract: Authorizes the State Board of Commerce and Industry to enter into ad valorem tax exemption contracts with certain businesses.

Present constitution and present law authorize political subdivisions of the state to impose ad valorem taxes.

Proposed law retains present law and establishes a program for the granting of contracts for ad valorem tax exemptions by the Board of Commerce and Industry (hereinafter board) for business projects which, if located in La., are expected to yield significant positive economic benefit to the state. The program shall be implemented and administered by the Department of Economic Development (hereinafter department) and shall be available and operate in all parishes which have elected to participate therein.

Proposed law provides definitions for purposes of proposed law.

Proposed law provides for optional participation in the program by parish governments. The governing authority of any parish may elect to participate in the program as evidenced by the adoption of a resolution or ordinance. The election to participate in the program shall be for an indefinite term, and may be rescinded at any time by the parish governing authority. A parish's withdrawal from the program shall become effective two years after it has notified the secretary of its intention to discontinue participation; however, the renewal of an exemption contract is not contingent upon the parish remaining a participant in the program

Proposed law provides the criteria for eligibility of a business to participation in the program:

(1) A business which has at least 50% of the total annual sales from a La. site or sites is to out-of-state customers or buyers, in-state customers or buyers but the product or service is resold by the purchaser to an out-of-state customer or buyer for ultimate use, or the federal government, or any combination thereof; and

(2) The activities of the business at a La. site or sites include corporate headquarters, logistics, warehousing, data center, clean technology, destination healthcare, research and development, renewable energy, digital media and software development, or other business sector targeted by the secretary as a focus of the department's economic development efforts.

Proposed law further provides that the secretary, at his discretion, may include sales by affiliates of the business in determining the percentage of sales meeting the requirements for eligibility.

Proposed law provides that the following types of business are ineligible for participation in the program:

> With the exception of a business providing at least 25 new headquarter jobs or shared service center jobs, a business primarily engaged in retail sales, real estate, professional services, gaming or gambling, natural resource extraction or exploration, financial services, or venture capital funds.

Proposed law provides that a business may apply for a contract upon invitation of the secretary. The application shall consist of the business furnishing to the department such certified statements and substantiating documents as the department may require.

Proposed law authorizes the secretary, at his discretion, to recommend a business project for a contract in either of the following circumstances:

(1) The granting of a contract would be advantageous in the case of a competitive site selection situation so as to encourage a new business to locate its project in the state.

(2) The granting of a contract would encourage an existing business to locate an expansion project in the state.

Proposed law provides that the terms of a contract shall be recommended by the secretary and provides for minimum contract terms with respect to duration, performance, audits and violations.

Proposed law requires that approved contracts be sent by the secretary to the assessor and governing authority of the respective parish. Such parties shall also be notified by the secretary if a contract expires, is suspended, or cancelled.

Proposed law authorizes the secretary to suspend or cancel a contract if it is determined that a business has failed to meet the eligibility requirements of the program or the performance objectives of the contract. A contract suspension would remove the exemption for the tax year in which the failure occurred. A contract cancellation would remove the exemption for the tax year in which it occurred and all future years. Upon receipt of notification from the secretary that contract was suspended or cancelled, the assessor shall adjust the property assessment in the manner provided by law. Taxes becoming due for a prior year due to removal of an exemption shall, at the discretion of the tax collector, be collectable immediately or with the taxes for the current year.

Proposed law authorizes the rulemaking by the department in accordance with the Administrative Procedure Act.

Effective for all taxable years commencing after the constitutional amendment proposed in House Bill No. ___ of this 2012 R.S. is adopted and becomes effective.

(Adds R.S. 47:4351-4355)