

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

New law retains existing law.

New law establishes a program to implement the ad valorem tax exemption provided by the proposed constitutional amendment contained in HB 674 for "targeted non-manufacturing businesses" (hereinafter "business"). The program shall be implemented and administered by the Department of Economic Development (hereinafter "DED"), which is required to adopt and promulgate such rules as are necessary for the administration of the program in compliance with the APA, such rules also requiring the approval of the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs.

New law provides that an exemption contract shall be available only in a parish which has agreed to participate in the program. Participation by a parish is subject to the approval of the parish governing authority, all municipalities and school boards which levy an ad valorem tax, the law enforcement district and the assessor. New law further provides that any one of the local entities which approve participation may also withdraw the participation of a parish by providing written notification to the secretary of DED (hereinafter "secretary") of its intention to discontinue participation.

New law defines "facility", "headquarters jobs", "shared service center jobs", and "new direct jobs".

New law provides the following eligibility requirements for businesses:

- (1) The business shall undertake a project to establish a new or expanded facility in La. which involves capital expenditures of at least \$25 million and shall create and maintain at least 50 "new direct jobs".
- (2) Eligible businesses: corporate headquarters, distribution facilities, data services facilities, research and development operations, and digital media and software development centers.
- (3) Ineligible businesses: retail sales, real estate, professional services, natural resource extraction or exploration, financial services, or venture capital funds. However, the foregoing ineligible businesses may be eligible if they provide at least 50 new "headquarters jobs" or "shared service center jobs".

Businesses engaged in gaming or gambling are ineligible.

- (4) At least 50% of total annual sales by the business from a La. site are to out-of-state buyers, or to in-state buyers but the product or service is resold by the purchaser to an out-of-state buyers for ultimate use, or to the federal government, or any combination thereof.

New law authorizes a business undertaking a project in a participating parish to apply for a contract at the invitation of the secretary or the parish governing authority.

New law authorizes the secretary to recommend an eligible business project to the State Board of Commerce and Industry for a contract upon determining that the granting of such an exemption contract would be advantageous in a competitive site selection situation.

New law provides for specific requirements for the contract, which include a term of 10 years, performance obligations, and monitoring by DED.

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

New law includes provisions for the suspension or cancellation of a contract based on non-performance.

New law establishes that the state shall be the "sole proper defendant" in any taxpayer challenge to the correctness of an assessment based upon the constitutionality of an exemption provided for in the new law.

Effective for all calendar years commencing after the constitutional amendment proposed in House Bill No. 674 of this 2012 R.S. is adopted and becomes effective.

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