

2016 Regular Session

SENATE BILL NO. 442

BY SENATOR RISER

TAX/AD VALOREM. Provides for an ad valorem exemption for certain data services facilities. (8/1/16)

AN ACT

To amend and reenact R.S. 47:4354(A)(3), relative to ad valorem taxation; to provide for a targeted non-manufacturing business exemption to ad valorem taxation; to provide for eligibility for certain data services facilities; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:4354(A)(3) is hereby amended and reenacted to read as follows:

§4354. Targeted non-manufacturing business

A targeted non-manufacturing business shall meet all of the following requirements:

* * *

(3)(a) With the exception of a business providing at least fifty new headquarters jobs or shared service center jobs, a business primarily engaged in retail sales, real estate, professional services, natural resource extraction or exploration, financial services, or venture capital funds, shall not be eligible for the program. No business engaged in gaming or gambling shall be eligible for the program.

(b) Notwithstanding Subparagraph (a) of this Paragraph, a data services facility that provides at least ten new jobs shall be eligible for the program.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Carla S. Roberts.

DIGEST

SB 442 Original 2016 Regular Session Riser

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

Present law provides for 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 entail capital investments in excess of \$25 million which are expected to yield significant positive economic benefit to the state. Present law provides that the program is administered by the Dept. of Economic Development (hereinafter department) and shall be available and operate in all parishes, and, if applicable, municipalities and school districts which have elected to participate therein.

Present law provides for optional participation in the program by parish governments. A parish may choose to participate in the program and approve the granting of ad valorem tax exemptions in the following manner:

- (1) Approval of all projects recommended by the department.
- (2) Approval of all projects recommended by the department which meet specific criteria determined by the parish.
- (3) Approval of all projects on a case-by-case basis.

Present law provides, however, in any parish which has elected to participate in the program, the program shall not be operable within any municipality or school district unless the governing authority of the municipality or school district has elected to participate in the program on the same basis as was chosen by the parish.

Present law provides the criteria for eligibility of a business to participate 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.
- (2) The activities of the business at a La. site or sites include corporate headquarters, logistics, warehousing, data center, clean technology, destination health care, 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.
- (3) The business intends to either locate a project or undertake an expansion project in La., either of which shall involve a capital expenditure of at least \$25 million by the business or an affiliate or partner on its behalf.

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

- (1) With the exception of a business providing at least 50 new headquarter jobs or shared service center jobs, a business primarily engaged in retail sales, real estate, professional services, natural resource extraction or exploration, financial services, or venture capital funds.
- (2) Businesses engaged in gaming or gambling.

Proposed law retains present law but provides that a data services facility that provides at least 10 new jobs shall be eligible for the program.

Effective August 1, 2016.

(Amends R.S. 47:4354(A)(3))