
DIGEST

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HB 464 Reengrossed

2021 Regular Session

Ivey

Abstract: Establishes the La. Capital Investment Program which provides for the consideration and approval of standard, local, and executive capital investment project ad valorem tax exemptions.

Present constitution provides for the exclusive list of ad valorem tax exemptions.

Proposed law establishes a capital investment program to exempt certain businesses in qualifying industry sectors from ad valorem property taxes.

Proposed law requires the Department of Economic Development (Dept.), to adopt and promulgate rules to administer the program in compliance with proposed law.

Proposed law establishes a notification process that requires the Dept. to notify parish authorities within 10 days of the creation or modification of a capital investment program.

Proposed law further provides that the notification shall include program details, deadlines, language for resolutions, and specific forms.

Proposed law establishes an enrollment process for the program. A parish can enroll in a program upon the approval of all parish authorities evidenced by a resolution submitted to the Dept.

Proposed law provides that if a parish disapproves participation in a program, it shall submit a resolution to the Dept. stating such. Proposed law further provides that if no parish authority notifies the Dept. that it disapproves participation within 60 days of the program's effective date, the parish shall be automatically enrolled.

Proposed law authorizes a parish to change disapproval to approval by rescinding the disapproval resolution.

Proposed law authorizes a parish to withdraw from a program within five years following enrollment. Proposed law further provides a parish can withdraw if all parish authorities submit a resolution stating such. The withdrawal is effective 90 days following the Dept.'s receipt of the resolution.

Proposed law provides that if the legislature passes a law that substantively changes a capital investment program, a parish may withdraw from the program by resolution stating such. The

resolution must be submitted no later than 60 days after the effective date of the applicable legislation.

Proposed law identifies businesses that constitute the technology, telecommunication, healthcare, logistic, warehouse, and distribution sectors for the purposes of the program.

Proposed law creates a standard ad valorem tax exemption for capital investment projects.

Proposed law requires the Dept. to establish an application procedure for the standard exemption in accordance with the constitution. Proposed law further provides that the Board of Commerce and Industry shall review a standard ad valorem tax exemption in a timely manner and confirm program eligibility for each application. Within 10 days of confirmation, the board shall provide the applicant and local authorities with a copy of the conditional approval.

Proposed law creates a local ad valorem tax exemption for capital investment projects.

Proposed law establishes an application for a local ad valorem tax exemption and requires the Dept. to design and provide the application forms.

Proposed law requires the Dept. to forward a copy of an application to each impacted local authority that levies a millage and in whose district the project will be located.

Proposed law requires the Dept. to provide the local governing authority and all relevant political subdivisions with an analysis of every proposed project requesting an exemption in the parish.

Proposed law requires a local authority within 60 days of receipt to review each project application in conjunction with the Dept.'s analysis and issue a resolution or a letter, in the case of a sheriff, approving or rejecting the application. During this time, local authorities may hold public meetings to receive public input.

Proposed law provides that if the local authority approves the application, the local authority and the applicant, with the assistance of the Dept., shall enter into a cooperative endeavor agreement evidencing the exemption.

Proposed law requires the local authority to provide the board with a copy of the cooperative endeavor agreement and a copy of any resolution or letter approving the exemption.

Proposed law creates an executive ad valorem tax exemption for capital investment projects.

Proposed law provides that the governor may offer any entity an executive exemption. The exemption may be for up to 100% of the property taxes of the project and for a specific term to be decided by the governor.

Proposed law requires local approval prior to the execution of the executive order providing for an exemption. A local authority must evidence rejection of the exemption within 30 days of receipt or

the exemption will be deemed approved.

Proposed law requires the executive exemption to be evidenced by a gubernatorial executive order providing the terms and conditions of the exemption.

Proposed law requires the Dept. to produce a cost-benefit analysis for the project that specifically identifies the projected state and local fiscal impact, information related to employment, state and local revenues, state and local infrastructure requirements, and the effect of using state and local public services.

Effective if and when the proposed amendment of Article VII, Section 21(O) of the Constitution of La. contained in the Act which originated as House Bill No. 370 of this 2021 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Adds R.S. 47:1721-1731)

Summary of Amendments Adopted by House

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

1. Remove industrial manufacturers from industries eligible for the capital investment project ad valorem tax exemption program.
2. Make technical changes.