HLS 21RS-412 ORIGINAL

2021 Regular Session

HOUSE BILL NO. 318

20

BY REPRESENTATIVE DEVILLIER

TAX/AD VALOREM-MFG/EXEMP: (Constitutional Amendment) Provides for the ad valorem tax exemption for industrial manufacturers

1 A JOINT RESOLUTION 2 Proposing to amend Article VII, Section 21(F) of the Constitution of Louisiana, relative to 3 ad valorem property tax exemptions; to provide relative to the tax exemption for 4 certain manufacturing establishments; to provide for the approval of contracts for the 5 tax exemption; to provide for the amount and term of the exemption; to provide for definitions; to provide for certain requirements and limitations; to provide for 6 7 submission of the proposed amendment to the electors; and to provide for related 8 matters. 9 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members 10 elected to each house concurring, that there shall be submitted to the electors of the state of 11 Louisiana, for their approval or rejection in the manner provided by law, a proposal to 12 amend Article VII, Section 21(F) of the Constitution of Louisiana, to read as follows: 13 §21. Other Property Exemptions 14 Section 21. In addition to the homestead exemption provided for in Section 15 20 of this Article, the following property and no other shall be exempt from ad 16 valorem taxation: 17 18 (F)(1) Notwithstanding any contrary provision of this Section, the State 19 Board of Commerce and Industry or its successor, with the approval of the governor,

Page 1 of 4

may enter into contracts for the exemption from ad valorem taxes of a new

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1	manufacturing establishment or an addition to an existing manufacturing
2	establishment, on such terms and conditions as the board, with the approval of the
3	governor, deems in the best interest of the state.
4	(2) The A manufacturing establishment exemption granted pursuant to this
5	Paragraph shall be for an initial term of no more than five calendar years, and may
6	be renewed for an additional five years.
7	(3) An exemption for a manufacturing establishment may provide for an ad
8	valorem tax exemption equal to an amount of up to eighty percent of the ad valorem
9	taxes of the establishment. An exemption for a mega-project may provide for an ad
10	valorem tax exemption equal to an amount of up to ninety-three percent of the ad
11	valorem taxes of the establishment.
12	(4) All property exempted shall be listed on the assessment rolls and
13	submitted to the Louisiana Tax Commission or its successor, but no taxes shall be
14	collected thereon during the period of exemption.
15	(5) For purposes of this Paragraph, the The terms "manufacturing
16	establishment" and "addition" as used herein shall mean a new plant or establishment
17	or an addition or additions improvement to any existing plant or establishment which
18	engages in the business of working raw materials into wares suitable for use or which
19	gives new shapes, qualities or combinations to matter which already has gone
20	through some artificial process.
21	(6) For purposes of this Paragraph, the term "mega-project" shall mean a
22	manufacturing establishment that provides five hundred directly employed jobs that
23	generate a minimum of twenty million dollars of net new payroll within the first
24	three years of operations and a minimum of one hundred million in capital
25	expenditures.
26	* * *
27	Section 2. Be it further resolved that the provisions of the amendment contained in
28	this Joint Resolution shall become effective on January 1, 2023.

1 Section 3. Be it further resolved that this proposed amendment shall be submitted to the electors of the state of Louisiana at the statewide election to be held on November 8, 2 2022 3 4 Section 4. Be it further resolved that on the official ballot to be used at the election, 5 there shall be printed a proposition, upon which the electors of the state shall be permitted 6 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as 7 follows: 8 Do you support an amendment to remove the governor from the industrial tax 9 exemption approval process, set the maximum amount of the exemption for 10 a manufacturing establishment at eighty percent of the ad valorem taxes of 11 the establishment, and set the maximum amount of the exemption for a 12 mega-project at ninety-three percent of the ad valorem taxes of the 13 establishment? (Amends Article VII, Section 21(F))

## **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 318 Original

2021 Regular Session

DeVillier

**Abstract:** Removes the requirement of gubernatorial approval for an industrial manufacturing establishment ad valorem tax exemption, caps the amount of the exemption for a manufacturing establishment at 80% of the ad valorem taxes of the establishment, and caps the amount of the exemption for a mega-project at 93% of the ad valorem taxes of the establishment.

<u>Present constitution</u> authorizes the State Board of Commerce and Industry (board), with the approval of the governor, to enter into a contract for the exemption from ad valorem taxes of a new manufacturing establishment or an addition to an existing manufacturing establishment. Further provides that the terms and conditions of the contract are decided by the board with the approval of the governor.

<u>Proposed constitutional amendment</u> removes the requirement that the terms and conditions of the exemption contract be approved by the governor.

<u>Present constitution</u> provides that the exemption shall be for an initial term of no more than five calendar years and may be renewed for an additional five years.

<u>Proposed constitutional amendment</u> retains <u>present constitution</u>.

<u>Proposed constitutional amendment</u> authorizes an ad valorem tax exemption for a manufacturing establishment or addition to an existing manufacturing establishment of up

Page 3 of 4

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to 80% of the ad valorem taxes of the establishment. Further authorizes an ad valorem tax exemption for a mega-project of up to 93% of the ad valorem taxes of the establishment.

<u>Present constitution</u> requires all exempted property to be listed on the assessment rolls and submitted to the Louisiana Tax Commission.

Proposed constitutional amendment retains present constitution.

<u>Present constitution</u> defines "manufacturing establishment" and "addition" as a new plant or establishment or an addition or additions to any existing plant or establishment which engages in the business of working raw materials into wares suitable for use or which gives new shapes, qualities or combinations to matter which already has gone through some artificial process.

<u>Proposed constitutional amendment</u> includes an improvement to an existing plant or establishment in the definition, instead of an addition or additions to an existing plant or establishment. Otherwise retains <u>present constitution</u>.

<u>Proposed constitutional amendment</u> defines "mega-project" as a manufacturing establishment that provides 500 directly employed jobs that generate a minimum of \$20 million of net new payroll within the first three years of operations and a minimum of \$100 million in capital expenditures.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 8, 2022.

Effective Jan. 1, 2023.

(Amends Const. Art. VII, §21(F))