2020 First Extraordinary Session

HOUSE BILL NO. 36

BY REPRESENTATIVE IVEY

TAX/AD VALOREM-EXEMPTION: (Constitutional Amendment) Establishes certain property tax exemptions for capital investment projects (Item #28)

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

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

| 1 | (F) Notwithstanding any contrary provision of this Section, the State Board |
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| 2 | of Commerce and Industry or its successor, with the approval of the governor, may |
| 3 | enter into contracts for the exemption there are hereby authorized standard, local, and |
| 4 | executive exemptions from ad valorem taxes of a new manufacturing establishment |
| 5 | or an addition to an existing manufacturing establishment, on such terms and |
| 6 | conditions as the board, with the approval of the governor, deems in the best interest |
| 7 | of the state. for capital investment projects as follows: |
| 8 | (1) The <u>standard</u> exemption shall be for an initial <u>a</u> term of no more than five |
| 9 | eight calendar years, and may be renewed for an additional five years shall provide |
| 10 | for an ad valorem tax exemption of eighty percent of the property taxes of the capital |
| 11 | investment project. The granting of a standard exemption shall be reviewed by the |
| 12 | Board of Commerce and Industry, or its successor as provided by law, and shall be |
| 13 | subject to local approval as prescribed by law. Enactment of any law to administer |
| 14 | this exemption shall require a favorable vote of two-thirds of the elected members |
| 15 | of each house of the legislature. |
| 16 | (2) The local exemption shall be for a term of no more than fifteen years and |
| 17 | may provide for an ad valorem tax exemption of up to one hundred percent of the |
| 18 | property taxes of the capital investment project. The granting of a local exemption |
| 19 | shall be subject to local approval as prescribed by law. Enactment of any law to |
| 20 | administer this exemption shall require a favorable vote of two-thirds of the elected |
| 21 | members of each house of the legislature. |
| 22 | (3) The executive exemption shall be for a term determined by the governor (3) |
| 23 | and may provide for an ad valorem tax exemption of up to one hundred percent of |
| 24 | the property taxes of the capital investment project. The granting of an executive |
| 25 | exemption shall require approval from the governor and shall be subject to local |
| 26 | approval as prescribed by law. Enactment of any law to administer this exemption |
| 27 | shall require a favorable vote of two-thirds of the elected members of each house of |
| 28 | the legislature. All property exempted shall be listed on the assessment rolls and |

| 1 | submitted to the Louisiana Tax Commission or its successor, but no taxes shall be |
|----|---|
| 2 | collected thereon during the period of exemption. |
| 3 | The terms "manufacturing establishment" and "addition" as used herein mean |
| 4 | a new plant or establishment or an addition or additions to any existing plant or |
| 5 | establishment which engages in the business of working raw materials into wares |
| 6 | suitable for use or which gives new shapes, qualities or combinations to matter which |
| 7 | already has gone through some artificial process. |
| 8 | * * * |
| 9 | Section 2. Be it further resolved that this proposed amendment shall be submitted |
| 10 | to the electors of the state of Louisiana at the statewide election to be held on November 3, |
| 11 | 2020. |
| 12 | Section 3. Be it further resolved that on the official ballot to be used at the election, |
| 13 | there shall be printed a proposition, upon which the electors of the state shall be permitted |
| 14 | to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as |
| 15 | follows: |
| 16 | Do you support an amendment to authorize property tax exemptions for |
| 17 | capital investment projects, to provide for the approval, terms, and amounts |
| 18 | of the exemptions, and to authorize the legislature to provide for the |
| 19 | administration of the exemptions by law?(Amends Article VII, Section |
| 20 | 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 36 Original

2020 First Extraordinary Session

Ivey

Abstract: Establishes standard, local, and executive property tax exemptions for capital investment projects when the projects meet eligibility and approval standards pursuant to law.

<u>Present constitution</u> authorizes a property tax exemption for new manufacturing establishments and additions to existing establishments for an initial term of five years, with a five year renewal. The exemption is effectuated through a contract granted by the Board of Commerce and Industry, with the approval of the governor.

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<u>Proposed constitutional amendment</u> authorizes three ad valorem property tax exemptions for capital investment projects as follows:

- (1) A standard exemption for a term of eight calendar years for 80% of its property taxes. The exemption is subject to review by the Board of Commerce and Industry. This exemption is subject to local approval as provided by law.
- (2) A local exemption for a term of no more than 15 calendar years for up to 100% of its property taxes. This exemption requires the approval of local taxing authorities as provided by law.
- (3) An executive exemption for a term determined by the governor for up to 100% of its property taxes. This exemption requires approval of the governor and is subject to local approval as provided by law.

<u>Proposed constitutional amendment</u> also requires that any law enacted to administer any of the new exemptions requires a favorable vote of two-thirds of the elected members of each house of the legislature.

<u>Proposed constitutional amendment</u> retains <u>present constitution</u> requirement related to listing property on tax assessment rolls and deletes various definitions.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 3, 2020.

(Amends Const. Article VII, §21(F))