

2020 Regular Session

HOUSE BILL NO. 531

BY REPRESENTATIVE IVEY

TAX/AD VALOREM-EXEMPTION: Provides for ad valorem tax exemptions for certain property

1 AN ACT

2 To enact Chapter 1-A of Subtitle III of Title 47 of the Louisiana Revised Statutes of 1950,  
3 to be comprised of R.S. 47:1720 and 1721, relative to ad valorem tax; to provide for  
4 exemptions from ad valorem property taxes of certain property for capital investment  
5 projects; to establish requirements for eligibility and applications for exemptions; to  
6 provide for a local, standard, and executive ad valorem tax exemption; to provide for  
7 cooperative endeavor agreements; to provide for exemption applications; to provide  
8 for the terms and values of exemptions; to provide for definitions; to provide for  
9 political subdivision approval; to provide for gubernatorial approval; to provide for  
10 the consideration, approval, and granting of the exemption; to provide for  
11 effectiveness; and to provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. Chapter 1-A of Subtitle III of Title 47 of the Louisiana Revised Statutes  
14 of 1950, to be comprised of R.S. 47:1720 and 1721, is hereby enacted to read as follows:

15 CHAPTER 1-A. AD VALOREM TAX EXEMPTIONS FOR  
16 CERTAIN CAPITAL INVESTMENT PROJECTS

17 §1720. Definitions

18 For the purpose of this Chapter the following words have the following  
19 meanings:

- 20 (1) "Board" shall mean the Board of Commerce and Industry.

1           (2) "Department" shall mean the Department of Economic Development.

2           (3) "Political subdivision" shall mean any parish governing authority, school  
3           board, sheriff, municipality, city or special district authorized by the constitution or  
4           by law to levy an ad valorem tax.

5           §1721. Capital Investment Project Exemption

6           A. Exemptions. In accordance with Article VII, Section 21(F) of the  
7           Constitution of Louisiana, there are hereby established standard, local, and executive  
8           ad valorem tax exemptions for capital investment projects.

9           B. Standard Exemption. (1) Procedure. The board shall establish an  
10           application procedure for the standard exemption in accordance with the constitution.  
11           The application for the standard exemption shall be on forms designed and  
12           prescribed by the board.

13           (2) Review. The board shall review all standard exemption applications in  
14           a timely manner and render a recommendation for each application.

15           (3) Cooperative Endeavor Agreement. Upon approval by the board, the  
16           board and the applicant with the assistance of the department, shall enter into a  
17           cooperative endeavor agreement evidencing the exemption. The cooperative  
18           endeavor agreement shall provide for an ad valorem tax exemption of eighty percent  
19           of the property taxes and for a term of eight calendar years.

20           (4) Final Approval. The board shall provide the appropriate political  
21           subdivisions a copy of any resolution adopted by the board approving a standard  
22           exemption, as well as a copy of the cooperative endeavor agreement evidencing the  
23           standard exemption.

24           C. Local Exemption. (1) Eligibility. No applicant shall be eligible for the  
25           local exemption until they have received final approval by the board for a standard  
26           exemption. Each parish shall establish eligibility requirements for the local  
27           exemption in accordance with the constitution. The application for the local  
28           exemption shall be on forms designed and prescribed by the board

1           (2) Application. The board shall forward an application for exemption to the  
2           parish governing authority for the parish in which the project will be located within  
3           fifteen days of approval.

4           (3) Review. The parish governing authority shall forward a copy of the  
5           application within three days of receipt to each political subdivision that levies a  
6           millage and in whose jurisdiction the project will be located. The department shall  
7           provide the parish governing authority with an analysis of the project applying for  
8           an exemption. When a project is located within the jurisdiction of multiple political  
9           subdivisions, each political subdivision shall be provided a copy of the application  
10           and analysis. Each political subdivision shall review the application in conjunction  
11           with the department's analysis and issue a resolution or letter, in the case of a sheriff,  
12           approving or rejecting the exemption within sixty days of receipt of the application  
13           from the parish governing authority. In reviewing the application, political  
14           subdivisions may hold a public meeting for the purpose of receiving public input.

15           (4) Cooperative Endeavor Agreement. Upon the political subdivisions'  
16           approval of the exemption, the political subdivisions and the applicant, with the  
17           assistance of the department, shall enter into a cooperative endeavor agreement  
18           evidencing the exemption. The cooperative endeavor agreement shall provide for  
19           an ad valorem tax exemption of up to one hundred percent of the property tax and  
20           for a term of not more than fifteen years.

21           (5) Final Approval. The parish governing authority shall provide the board  
22           with a copy of the final cooperative endeavor agreement and a copy of all resolutions  
23           or letters approving the exemption.

24           D. Executive Exemption. (1) Eligibility and Application. The governor  
25           shall be permitted to provide an executive exemption for capital investment projects  
26           in accordance with the constitution.

27           (2) Invitation and Offer. The governor shall be permitted to offer any entity  
28           an executive exemption from ad valorem property taxes. The exemption may be for  
29           up to one hundred percent of the property taxes for a specific term decided at the

1 governor's discretion. The board shall establish procedures that require local  
2 approval pursuant to Subsection C of this Section, prior to the governor granting the  
3 executive exemption. The executive exemption shall be evidenced by a  
4 gubernatorial executive order providing the terms and conditions of the exemption.

5 Section 2. This Act shall take effect and become operative if and when the proposed  
6 amendment of Article VII, Section 21(F) of the Constitution of Louisiana contained in the  
7 Act which originated as House Bill No. \_\_\_\_\_ of this 2020 Regular Session of the  
8 Legislature is adopted at a statewide election and becomes effective.

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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)]

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HB 531 Original

2020 Regular Session

Ivey

**Abstract:** Establishes a program 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 defines the terms board, department, and political subdivision.

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

Proposed law establishes an application for a standard ad valorem tax exemption and requires the Board of Commerce and Industry hereinafter "board", to design and provide the application forms. Proposed law further provides that the board shall review a standard ad valorem tax exemption and upon approval by the board, the exemption applicant and the board shall enter into a cooperative endeavor agreement evidencing the exemption.

Proposed law provides that the standard ad valorem tax exemption shall exempt up to 80% of the project's property taxes for a term of 8 years.

Proposed law requires the board to provide the appropriate political subdivisions with a copy of any resolution adopted by the board approving the exemption and a copy of the cooperative endeavor agreement.

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 board, to design and provide the application forms. Proposed law further provides that to be eligible for the local exemption an application must have received final approval by the board for a standard exemption.

Proposed law requires the application for a local exemption to be forwarded to the parish governing authority of the parish in which the project is to be located, within 15 days of board approval. Within three days of receipt, the parish governing authority shall forward

the application to each political subdivision that levies a millage and in whose district the project will be located.

Proposed law the Department of Economic Development hereinafter "department" shall provide the parish governing authority and all relevant political subdivisions an analysis of every proposed project requesting an exemption in the parish.

Proposed law provides within 60 days of receipt each political subdivision shall review each project application in conjunction with the department's analysis and issue a resolution or a letter in the case of a sheriff, approving or rejecting the application. During this time political subdivisions may hold public meetings to receive public input.

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

Proposed law further provides that the cooperative endeavor agreement shall be for up to 100% of the property taxes of the project and for a term of not more than 15 years.

Proposed law requires that parish governing authority shall provide the board with a copy of the executive 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 provides that the board shall establish procedures requiring local approval prior to the governor granting the exemption.

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

Effective if and when the proposed amendment of Article VII, Section 21(F) of the Constitution of La. contained in the Act which originated as House Bill No. \_\_\_\_ of this 2020 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Adds R.S. 47:1720 and 1721)