HLS 15RS-945 **ORIGINAL**

2015 Regular Session

HOUSE BILL NO. 361

BY REPRESENTATIVE JAY MORRIS

TAX/AD VALOREM-MFG/EXEMP: (Constitutional Amendment) Provides with respect to certain contracts granting ad valorem property tax exemptions for certain manufacturing establishments and additions

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 with respect to certain contracts
4	granting ad valorem property tax exemptions for certain manufacturing
5	establishments and additions; to provide for the amount of the exemption; to provide
6	for the term of the initial contract and renewals; to provide for submission of the
7	proposed amendment to the electors; to provide for effectiveness; and to provide for
8	related 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) Notwithstanding any contrary provision of this Section, the State Board
19	of Commerce and Industry or its successor, with the approval of the governor, may

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

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enter into contracts for the exemption from ad valorem taxes of up to eighty-five 2 percent of the assessed value of a new manufacturing establishment or an addition 3 to an existing manufacturing establishment, on such terms and conditions as the 4 board, with the approval of the governor, deems in the best interest of the state. 5 The exemption shall be for an initial term of no more than five calendar 6 years, and may be renewed for an additional five two years. All property exempted 7 shall be listed on the assessment rolls and submitted to the Louisiana Tax 8 Commission or its successor, but no taxes shall be collected thereon during the 9 period of exemption. 10 The terms "manufacturing establishment" and "addition" as used herein mean 11 a new plant or establishment or an addition or additions to any existing plant or 12 establishment which engages in the business of working raw materials into wares 13 suitable for use or which gives new shapes, qualities or combinations to matter which 14 already has gone through some artificial process. 15 Section 2. Be it further resolved that the provisions of the amendment contained in 16 this Joint Resolution shall become effective on January 1, 2016, and shall be applicable to 17 all contracts executed on and after that date. 18 Section 3. Be it further resolved that this proposed amendment shall be submitted 19 to the electors of the state of Louisiana at the statewide election to be held on October 24, 20 2015. 21 Section 4. Be it further resolved that on the official ballot to be used at the election, 22 there shall be printed a proposition, upon which the electors of the state shall be permitted 23 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as 24 follows: 25 Do you support an amendment restricting the Board of Commerce and 26 Industry from entering into contracts granting an exemption from local ad 27 valorem property taxes for more than 85% of the assessed value of 28 manufacturing establishments and additions to existing manufacturing 29 establishments and to limit the term of renewals of such contracts to no more

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than two years instead of five years? (January 1, 2016) (Amends Article VII,

2 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 361 Original

2015 Regular Session

Jay Morris

Abstract: Reduces the amount of the ad valorem property tax exemption on manufacturing establishments or additions <u>from</u> a 100% exemption <u>to</u> an exemption which shall not exceed 85% of the assessed value of the property and reduces the term of the renewal from an additional five years to not more than two years.

<u>Present constitution</u> requires the assessment of property for purposes of ad valorem taxation. The assessed value of a property shall be based on a percentage of the property's fair market value.

<u>Present constitution</u> provides for a list of property exempt from ad valorem property tax in addition to the homestead exemption.

<u>Present constitution</u> authorizes the State Board of Commerce and Industry, with the approval of the governor, to enter into contracts exempting new manufacturing establishments or additions to existing manufacturing establishments from ad valorem property taxes on terms and conditions the board deems in the best interest of the state. The initial term of the exemption contract shall be for no more than five calendar years with authorization for a renewal for an additional five years.

<u>Proposed constitutional amendment</u> changes <u>present constitution</u> by reducing the amount of the exemption on manufacturing establishments or additions to manufacturing establishments <u>from</u> a 100% exemption <u>to</u> an exemption which shall not exceed 85% of the assessed value of the property. <u>Proposed constitutional amendment</u> further reduces the term of the renewal from an additional five years to not more than two years.

<u>Present constitution</u> defines a "manufacturing establishment" or an "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 has gone through some artificial process.

Proposed constitutional amendment retains present constitution.

Effective Jan. 1, 2016, and is applicable to all contracts executed on and after that date.

Provides for submission of the proposed amendment to the voters at the statewide election to be held October 24, 2015.

(Amends Art. VII, §21(F))