

2022 Regular Session

SENATE BILL NO. 246

BY SENATOR ALLAIN

TAX/AD VALOREM. Constitutional amendment to authorize parishes to exempt inventory from ad valorem taxation. (2/3 - CA13s1(A))

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A JOINT RESOLUTION

Proposing to add Article VII, Section 21(O) of the Constitution of Louisiana, relative to ad valorem taxation; to authorize parishes to provide for an ad valorem tax exemption for goods held in inventory; to provide for a reduction in the maximum ad valorem tax exemption for manufacturing establishments for parishes exempting inventory; and to specify an election for submission of the proposition to electors and provide a ballot proposition.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state, for their approval or rejection in the manner provided by law, a proposal to add Article VII, Section 21(O) of the Constitution of Louisiana, to read as follows:

§21. Other Property Exemptions

Section 21. In addition to the homestead exemption provided for in Section 20 of this Article, the following property and no other shall be exempt from ad valorem taxation:

* * *

(O)(1)(a) Parishes may adopt an exemption for all goods held in

1 inventory in the parish from all ad valorem taxes imposed by all taxing
2 authorities in the parish. The procedure for the adoption of this exemption shall
3 be as provided by law.

4 (b) The definition of "goods held in inventory" shall be as provided by
5 law. Once enacted, the definition shall not be amended or repealed except by a
6 law enacted by two-thirds of the elected members of each house of the
7 legislature.

8 (c) If a parish adopts this exemption, the exemption shall not be revoked
9 except by a law enacted by two-thirds of the elected members of each house of
10 the legislature.

11 (2)(a) No new contracts for exemption pursuant to Paragraph F of this
12 Section may be entered into by the State Board of Commerce and Industry or
13 its successor for new manufacturing establishments or additions to existing
14 manufacturing establishments located in any parish that adopts the exemption
15 for goods held in inventory pursuant to this Paragraph.

16 (b) No new contracts for exemption pursuant to Paragraph I of this
17 Section may be entered into by or on behalf of any parish that adopts the
18 exemption for goods held in inventory pursuant to this Paragraph.

19 (3)(a) In parishes that adopt the exemption for goods held in inventory
20 provided in Subparagraph (1) of this Paragraph, the State Board of Commerce
21 and Industry or its successor, with the approval of the governor, may enter into
22 contracts for the exemption from ad valorem taxes of a new manufacturing
23 establishment or an addition to an existing manufacturing establishment in the
24 parish, on terms and conditions as the board, with the approval of the governor,
25 deems to be in the best interest of the state.

26 (b) For purposes of the exemption provided by this Subparagraph, the
27 terms "manufacturing establishment" and "addition" mean a new plant or
28 establishment or an addition or additions to any existing plant or establishment
29 that engages in the business of working raw materials into wares suitable for use

1 or that gives new shapes, qualities, or combinations to matter that already has
2 gone through some artificial process.

3 (c) An exemption granted pursuant to this Subparagraph shall be for an
4 initial term of no more than five calendar years and may be renewed for a
5 second term of no more than five calendar years. A manufacturing
6 establishment or addition shall be eligible for a renewal only if it has met all the
7 terms and conditions of the initial contract.

8 (d) No exemption contract entered into pursuant to this Subparagraph
9 shall exempt more than eighty percent of the ad valorem taxes that otherwise
10 would be owed to each tax recipient body.

11 (e) All property exempted pursuant to this Subparagraph shall be listed
12 on the assessment rolls and submitted to the Louisiana Tax Commission or its
13 successor.

14 (f) The approval process for this exemption shall be as provided in
15 regulations by the Board of Commerce and Industry or in an executive order
16 issued by the governor.

17 Section 2. Be it further resolved that this proposed amendment shall be submitted
18 to the electors of the state of Louisiana at the statewide election to be held on
19 November 8, 2022.

20 Section 3. Be it further resolved that on the official ballot to be used at said election
21 there shall be printed a proposition, upon which the electors of the state shall be permitted
22 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
23 follows:

24 Do you support an amendment that authorizes parishes to exempt inventory
25 from ad valorem taxation in exchange for a reduction of the maximum
26 exemption for manufacturing establishments?

27 (Adds Article VII, Section 21(O))

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SB 246 Engrossed

2022 Regular Session

Allain

Present constitution authorizes the economic development authority of each parish to enter into contracts to exempt goods held in inventory by distribution centers from all local ad valorem taxes.

Proposed constitutional amendment authorizes parishes to exempt all goods held in inventory held by all taxpayers from ad valorem taxation in the parish.

Proposed constitutional amendment provides that the term "goods held in inventory" shall be defined in law and cannot be amended or repealed except by a 2/3 vote of the legislature.

Proposed constitutional amendment requires parishes to make the election to exempt inventory as provided by law and the election shall be in place until revoked by a 2/3 vote of the legislature.

Present constitution authorizes the State Board of Commerce and Industry, with the governor's approval, to execute contracts for exemption from ad valorem taxes of a new manufacturing establishment or an addition to an existing manufacturing establishment, on such terms and conditions as the board, with the governor's approval, deems in the best interest of the state.

Proposed constitutional amendment provides that the manufacturing establishment tax exemption program and optional exemption for inventory held by distribution centers provided by the present constitution does not apply to parishes making the election to exempt all inventory under proposed constitutional amendment.

Proposed constitutional amendment provides that in parishes that elect to exempt inventory from ad valorem taxation, the manufacturing establishment exemption shall not exceed eighty percent of the ad valorem taxes that otherwise would be owed to each tax recipient body approving the exemption or renewal.

Proposed constitutional amendment provides that the manufacturing exemption shall be for an initial term of no more than five calendar years and may be renewed for a second term of no more than five years, however eligibility for a renewal is conditioned on meeting all the terms and conditions of the initial contract.

Proposed constitutional amendment provides that the approval process for the manufacturing establishment tax exemption program in parishes that exempt all inventory shall be as established in regulations promulgated by the Board of Commerce and Industry or by an executive order issued by the governor.

Specifies submission of the amendment to the voters at the statewide election to be held on November 8, 2022.

(Adds Article VII, Section 21(O))