



NOTICE OF MEETING

**Board of Commerce and Industry
Rules Committee Meeting
Industrial Ad Valorem Tax Exemption Program Rules
Wednesday, July 10, 2024
1:30 p.m. – 4:00 p.m.**

Louisiana State Capitol
Senate Committee Room A/B
Baton Rouge, LA

AGENDA

1. Call to Order – Jerry Jones, Chairman
2. Roll Call – Deborah Simmons, Administrative Assistant
3. Approval of minutes from June 4, 2024 committee meeting
4. LED Presentation of proposed new ITEP review and approval process
 - a. Public comment will be permitted at any point in the meeting prior to any action requiring a vote from the committee
5. Scheduling next steps
6. Adjournment no later than 4:00 p.m.

Note:

This official notice of public meeting is posted in accordance with La. R.S. 42:19. Official notice has been posted no less than twenty-four hours prior to the scheduled time of the meeting.

Any person requiring a disability accommodation to participate in this open meeting should contact Deborah Simmons at 225.342.5398 Deborah.Simmons@la.gov to request the necessary accommodation.

Industrial Tax Exemption Program Rules

Post-Executive Order Number JML 24-23: LED's Proposed Administrative Procedure to Streamline the ITEP Approval process



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**** PROPOSED CHANGES; NOT FINAL PROMULGATED RULE****

Industrial Tax Exemption Program (ITEP) Authority & Philosophy

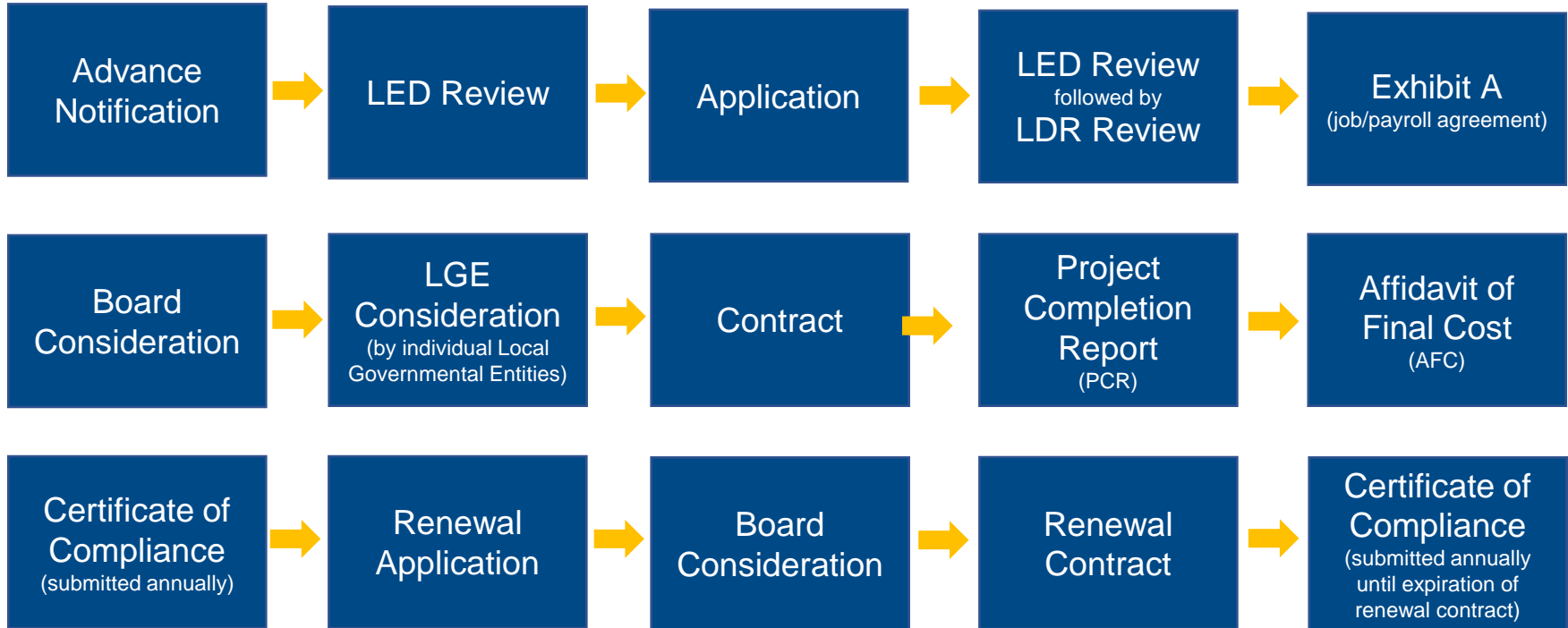
- La. Constitution Article 7, Section 21(F);the C&I Board with approval of the governor, may enter into contracts for ad valorem tax exemption of a new manufacturing establishment or addition to an existing manufacturing establishment, on terms and conditions as the board with governor's approval deems to be in the best interest of the state.
- ITEP is designed to encourage manufacturing investment, and the core philosophy is that by exempting local tax dollars that would otherwise fund infrastructure, schools and public services, there is a positive return on investment which makes ITEP key to positioning Louisiana to win.
- Based on feedback from various stakeholder groups, ITEP is perceived as cumbersome, bureaucratic and lacking uniformity.
- Because ITEP serves as one of the state's strongest incentives for manufacturing investment, it is in the best interest of the state to adopt rules that streamline the ITEP process while continuing to provide significant revenues for local government.

LED's ITEP Streamlined Proposed Process & Rule Change

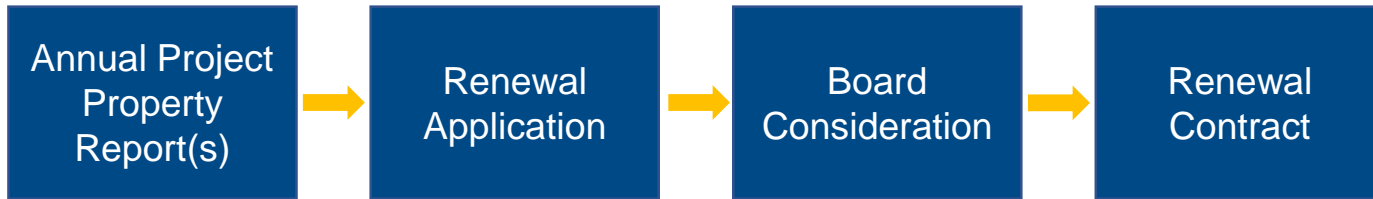
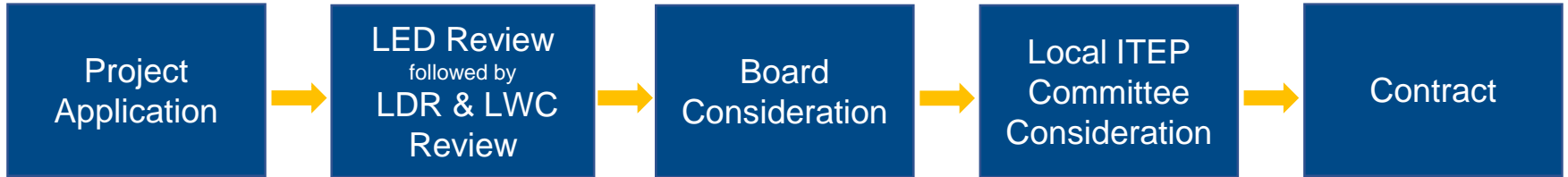
While the ITEP review and approval process may need refinement, the following provisions of the Program are expected to remain as follows:

- 80% exemption (5 year initial contract, with option to renew for additional 5 years)
- 93% exemption on Mega Projects
- Local Government Consideration
- Applications for tax exemptions with the following, shall NOT be considered or approved:
 - ▶ Miscellaneous Capital Additions (MCAs)
 - ▶ Maintenance Capital
 - ▶ Required Environmental Capital Upgrades
 - ▶ Replacement Parts (unless those required in Rehabilitation/Restoration of an establishment)

Current ITEP Process



Proposed ITEP “Streamlined” Process



LED's Proposed ITEP Review and Approval Process:

1. Project Application

- Combination of the following existing forms:
 - Advance Notification
 - Application
- Project Specific (Start-up/New or Addition)
- Shall be submitted prior to the beginning of construction

Outcome: Fewer required forms and attachments, resulting in a shortened review process with greater focus on estimates and attestations

2. LED Review followed by LDR & LWC Review

- Project Applications submitted by deadline posted on BC&I website; reviewed “first in, first out” by LED
- 2 weeks provided to LDR and LWC for review
- Project Applications receiving “No Objection” from both agencies move forward to Board presentation

Outcome: More objective eligibility criteria

3. Board Consideration

- LED presents Project Applications to BC&I for consideration

LED's Proposed ITEP Review and Approval Process:

4. Local ITEP Committee Consideration

- LED transmits approval of Project Application to committee members via email within 3 business days for approval
- Date transmitted begins a 45-day notice period to conduct meeting

Outcome: Provides defined deadline for input from the Local ITEP Committee

LED's Proposed ITEP Review and Approval Process:

Local ITEP Committee Pursuant to Executive Order JML 24-23

The Local ITEP Committee shall consist of the following:

- the parish president or the president of the police jury;
- the president of the school board or the superintendent of the school board, as elected by the school board;
- the sheriff or his designee; and
- the mayor, if the project is located within a municipality.
- Ex-officio non-voting members may include the assessor, the parish's highest-ranking economic development staff, members of the local economic development organization, or if no local economic development organization exists, a representative from the regional economic development district.
- The Local ITEP Committee **may** choose to assign coordinating duties to the EDO of their choosing.

Consistent with current practice, Locals shall have the option to take no action, thereby automatically 'opting in' to the approval decision made by the BC&I.

As the program framework is based upon best practices and is designed to enhance Louisiana's competitiveness for manufacturing investment, there shall be no variation to the program eligibility criteria set forth by the governor and the BC&I and reflected in the program rules.

LED's Proposed ITEP Review and Approval Process:

5. Contract

- 5-year initial contract of 80% exemption or 93% exemption for Mega-Projects
- Upon completion of the 45-day period, ITEP Contract is sent for signature to all parties
- If provided, Local ITEP Committee decision will be transmitted with the ITEP Contract for the Governor's consideration

6. Annual Project Property Report (APPR)

- Combination of the following existing forms:
 - Annual Project Status Report
 - Phase Applications (indicated by “A, B, C, etc.”)
 - Affidavit of Final Cost (AFC)
 - Project Completion Report (PCR)
- Shall be submitted by 3/31 for prior calendar year
- Shall be submitted as attestation to property placed in service for every year in construction period
 - Any year property placed in service receives 5-years of 80% exemption or 93% exemption for Mega-Projects (with option to renew for additional 5-years)
 - Any years without property placed in service shall provide a status on project construction

Outcome: Reducing and combining existing forms whilst collecting same project information; better aligns timing of Annual Project Property Report filing with other taxing authority deadlines

LED's Proposed ITEP Review and Approval Process:

7. Renewal Application

- Option to renew for an additional 5-years of 80% exemption or 93% exemption for Mega-Projects
- APPR is required to be filed for ALL project construction years in order to renew

8. Board Consideration

- LED presents Renewal Applications to BC&I for consideration

9. Renewal Contract

- 5-year renewal contract of 80% exemption or 93% exemption for Mega-Projects
- Upon Board Approval, ITEP Contract is sent for signature to all parties

In Summary, LED's Proposed ITEP Review and Approval Process:

- Requires all exemptions to be applied for pre-construction
- Creates more objective eligibility criteria & a less cumbersome path from project conception to contract issuance
- Reworks existing processes to be more easily understood
- Reduces the total number of required forms & attachments by combining existing forms whilst collecting same project information, resulting in a shortened review process with greater focus on estimates and attestations
- Better aligns the timing of Annual Project Property Report filing with other taxing authority deadlines

Presented by:

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Robin Porter, Executive Counsel; Robin.Porter@la.gov



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