ORDINANCE

CITY OF NEW ORLEANS

CITY HALL: November 1, 2018

CALENDAR NO. 32,472

NO. ___________ MAYOR COUNCIL SERIES

BY: COUNCILMEMBERS MORENO AND WILLIAMS

AN ORDINANCE to establish the general review process, procedure, and approval criteria for participation in the Industrial Ad Valorem Tax Exemption Program (ITEP), which offers tax incentives for manufacturers within the state of Louisiana; and to otherwise provide with respect thereto.

WHEREAS, Article 7, Section 21(F) of the Louisiana Constitution provides that the State Board of Commerce and Industry “with the approval of the governor, may enter into contracts for the 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 approval of the governor, deems in the best interest of the state”; and

WHEREAS, Article 7, Section 21(F) also provides that the contracts for the exemption “shall be for an initial term of no more than five calendar years and may be renewed for an additional five years”; and

WHEREAS, in the past, the Board of Commerce and Industry and previous governors of Louisiana have approved Industrial Tax Exemption contracts that result in an average of $1.4 billion in foregone ad valorem tax revenue each year for the next five years that directly impacts every parish, municipality, school district and other political subdivision of the state’s ability to
provide law enforcement, water and sewage, infrastructure, educational opportunities and other basic services to the citizens of Louisiana; and

WHEREAS, to avoid the ills of the past, the current Governor passed Executive Order Numbers JBE 2016-26 and 16-73, which provides terms and conditions for participation in the industrial tax exemption program; and

WHEREAS, one of such conditions requires the approval of the Industrial Tax exemption by resolution of the local governing authority, which in this case is the New Orleans City Council, to signify whether the Council is in favor of the project; and

WHEREAS, pursuant to Executive Order, without an approving resolution by the City Council, the impacted projects will not be approved by the Governor; NOW THEREFORE

SECTION 1. THE COUNCIL OF THE CITY OF NEW ORLEANS HEREBY

ORDAINS, That the Council of the City of New Orleans will consider requests for approval of applications for Industrial Ad Valorem Tax Exemption when the manufacturing establishment is in operational status and engaged in manufacturing, or is under construction with the expectation that the manufacturing establishment will become operational, and that meet all of the following criteria:

1) The Business is located in a distressed region – which is defined as a census tract block group that is below the state median per capita income, based upon the latest federal decennial census – or an Enterprise Zone, as defined by the State.

2) The jobs created as a result of the capital project must meet the job and payroll requirements for eligibility for the Louisiana Quality Jobs Rebate program.

3) That the applicant demonstrates good faith efforts to comply with the Section 70-499 of the Code of the City of New Orleans.
SECTION 2. That upon receipt of notification by the Louisiana Department of Economic Development [Department] of the Board of Commerce and Industry’s [Board] approval of an application that regards Orleans Parish, the Mayor’s Office of Economic Development [Office] shall make a recommendation via a report to approve or reject the Board’s approval of the application(s) based on the criteria provided herein. Such recommendation shall be formally provided to the Clerk of Council, and the Council will subsequently act on the request by Resolution. The Office shall transmit its recommendation to the Council within 30 days of the receipt of the Department’s notification of the Board’s approval, or from the posting of the approval on the Board’s website, whichever occurs first. The Council shall approve or deny the application by Resolution at a public meeting within 60 days of this date.

SECTION 3. That if the request fails to satisfy all of the above criteria, that the Council resolution shall disfavor and reject the application. A certified copy of said resolution shall be provided by the Clerk of Council to the Department and the Board within three (3) business days from adoption.

SECTION 4. That if the request satisfies all of the above criteria, that the Council resolution may favor and approve the application. A certified copy of said resolution shall be provided by the Clerk of Council to the Department and the Board within three (3) business days from adoption.

SECTION 5. That any approval so granted shall be required to comply with the criteria provided herein during the pendency of the exemption. The City, upon information or belief of noncompliance, shall submit a written complaint of any alleged violation of the terms of the tax exemption rules or documents to the Board, and notify the Department immediately of any change that may affect the tax exemption contract, for review by the Board and Department.
As provided by law, the Department, on behalf of the Board, shall notify the City if job and payroll requirements are not satisfied. Additionally, if a project fails to adhere to the approval criteria during the life of the exemption, this non-compliance shall be considered as an additional award criteria if the same manufacturer applies for another ITEP in the City of New Orleans.

SECTION 6. That within sixty days of the effective date of this ordinance the Mayor's Office of Economic Development shall promulgate rules as provided in Section 2-1000 of the Code of the City of New Orleans.

ADOPTED BY THE COUNCIL OF THE CITY OF NEW ORLEANS

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PRESIDENT OF THE COUNCIL

DELIVERED TO THE MAYOR ON ________________

APPROVED:
DISAPPROVED: ________________

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MAYOR

RETURNED BY THE MAYOR ON ________________ AT ________________

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CLERK OF COUNCIL

ROLL CALL VOTE:
YEAS:
NAYS:
ABSENT: