

1 Introduced May 12, 2020, by Councilman
2 Borchert, seconded by Councilman Tamborella,
3 (by request of Administration)

4 **RESOLUTION R20-10**

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6 A resolution approving the Industrial Tax Exemption Program Unified
7 Guidelines for St. Tammany Parish Louisiana.

8 WHEREAS, pursuant to the current Industrial Tax Exemption Program rules,
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10 St. Tammany Parish, along with the St. Tammany Parish School Board, the Sheriff's Office
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12 and, when appropriate, the local municipalities, are given a 30-60 day window to approve
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14 or disapprove Industrial Tax Exemption requests for projects within St. Tammany Parish;
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16 and

17 WHEREAS, St. Tammany Corporation (the St. Tammany Parish
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19 Development District), working with the St. Tammany Parish School Board, the St.
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21 Tammany Parish Council, the Parish President's office, the Sheriff's Office, the City of
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23 Slidell and the City of Covington, has created unified guidelines, processes and metrics for
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25 the review and evaluation of Industrial Tax Exemption requests; and

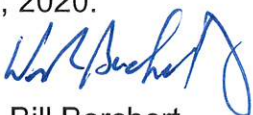
26 WHEREAS, the purpose of creating unified guidelines, processes, and
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28 metrics is to provide understanding and clarity to the taxing authorities making the local
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30 endorsement decisions, as well as the businesses who utilize this important, historic
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32 economic development resource.

33 NOW, THEREFORE, BE IT RESOLVED by the Slidell City Council, that the
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35 City hereby adopts as the City's application and evaluation processes for Industrial Tax
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37 Exemption requests within the City those set forth in the "Industrial Tax Exemption
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39 Program Unified Guidelines for St. Tammany Parish Louisiana" (attached hereto).

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RESOLUTION R20-10
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ADOPTED this 12th day of May, 2020.



Bill Borchert
President of the Council
Councilman-at-Large



Thomas P. Reeves
Council Administrator



Industrial Tax Exemption Program Unified Guidelines for St. Tammany Parish Louisiana

In partnership with the St. Tammany Parish School Board, the Parish Council, The Parish President's office, The Sheriff's Office, and municipal councils/authorities, St. Tammany Corporation is establishing proposed criteria to provide a generally accepted framework for evaluating Industrial Tax Exemption (ITEP) requests for St. Tammany Parish. Through the adoption of unified guidelines, process, and metrics we hope to provide understanding and clarity to the taxing authorities making the local endorsement decisions, as well as the businesses who utilize this important, historic economic development resource. In establishing these generally accepted guidelines, it is first necessary to define St. Tammany Parish's purpose in considering ITEP local endorsements.

Purpose

In its consideration of requests for ITEP local endorsements the approved taxing authorities seek to:

1. Strengthen the overall performance of the economy of our community.
2. Create new, long-term employment opportunities for parish residents.
3. Attract manufacturing businesses considering locating in St. Tammany Parish
4. Retain and strengthen existing employment in St. Tammany Parish
5. Expand the ad valorem tax base of our parish.
6. Encourage continued capital investments in our community.

General Guidelines

St. Tammany Parish's taxing bodies participating in ITEP related decisions endorse the general guidelines established by Governor John Bel Edwards's executive orders (JBE 16-26 and JBE 16-73) and the new industrial tax exemption rules promulgated by the Board of Commerce and Industry, such that:

- Exemption contracts for new manufacturing plants or establishments are favored, and
- Exemption contracts for expansions to any existing plant or establishment are not favored unless they provide for new jobs or present compelling reasons for the retention of existing jobs.

Recommended Local Standards

The following standards are proposed for evaluating ITEP local endorsement requests for St. Tammany Parish:

I. Project Eligibility Scenarios

- A. Attraction of a manufacturer not already operating in St. Tammany Parish that creates new, permanent jobs.
- B. Expansion of an existing manufacturer that creates new, permanent jobs.
- C. Project deemed necessary for the retention of existing workforce*

II. Project Metrics

Projects that are recommended for the local endorsement should display/provide:

- A. Compliance with Program Standards/Rules as set forth by LED.
- B. Pre-approval by LED, the Louisiana Department of Revenue, and the Board of Commerce and Industry.
- C. A completed local endorsement application, with any accompanying attachments/exhibits.
- D. Project must demonstrate a positive ROI for St. Tammany Parish as demonstrated by a comprehensive impact analysis conducted by St. Tammany Corporation.

III. Property Eligible for Exemption

The amount of property value eligible for an exemption shall be established by the total investment amount applied for, adjusted where appropriate as follows:

- A. The cost of maintenance capital, environmentally required capital upgrades and new replacements to existing machinery shall be reduced from the total investment amount. (Cf. Louisiana Administrative Code, Chapter 13, Section 517 "Ineligible Property").
- B. The exemption will be limited to the increase in the assessed valuation in the year in which the improvement is completed as compared to the base year which will be the year prior to the approval of the application. The percentage of the provided exemption will be calculated on the increased assessed valuation only.
- C. All new direct or contract jobs created must be permanent and full-time (30 or more hours per week, per state ITEP rules) in order to qualify.
- D. Investment must follow Louisiana Tax Commission Chapter 25, Section 2501, and include the full installation cost and GAAP accounting for determining capitalized investment, including engineering and installation costs.

IV. Claw-back Provision

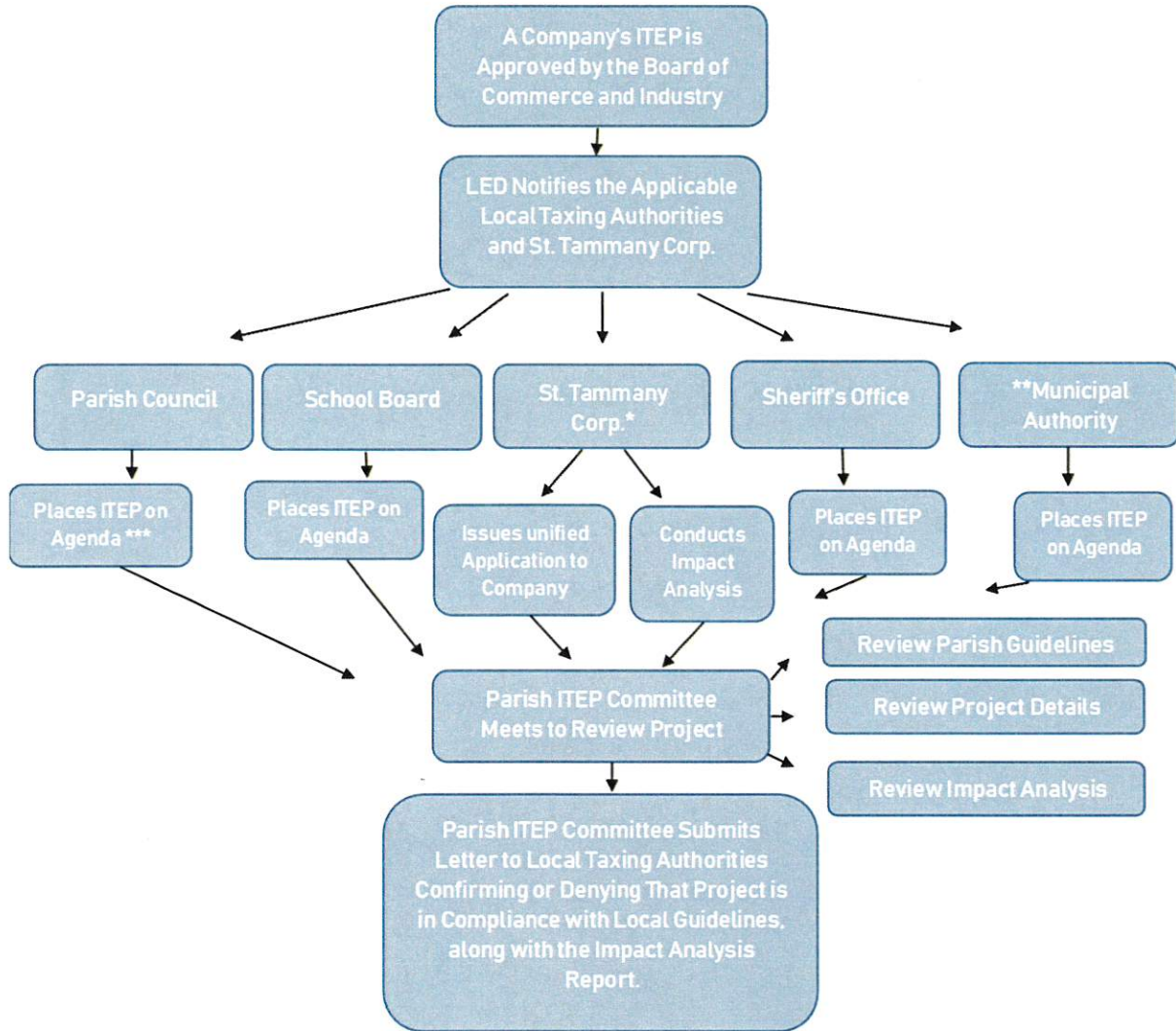
St. Tammany Parish shall include in its guidelines, provisions for the claw-back and/or cancellation of ITEP exemptions. These provisions shall require that:

- A. The company receiving the exemption must report to LED, the applicable taxing districts, and St. Tammany Corporation on an annual basis regarding the eligible investment amount, amount of investment made subject to local sales tax, net new jobs created, lost, or retained, and the net increase in property value at the facility since the exemption was approved.
- B. Failure to meet any contractual provisions established in Exhibit A or B as required under ITEP reporting statues, shall result in a default payment to the applicable taxing districts for the amount of benefit relative to the year in question.
- C. Furthermore, each applicable taxing district will discuss the company's continued use of the program at a public meeting, and make recommendations to the Board of Commerce and Industry accordingly.

Process (See Flow Chart Attached)

1. Once a company is approved by the Board of Commerce and Industry, LED will notify the Parish Council, The School Board, The Sheriff's Department, any applicable Municipal Council, and St. Tammany Corporation.
2. Within 30 days the applicable taxing authorities will place the ITEP (and notify LED of this action) on the agenda for their next meeting to maximize the time period for local discussion; however,
 - a. Any taxing authority may elect to not place an ITEP on their agenda for consideration/discussion.
 - b. By doing so the taxing authority in question is deferring their approval or denial to the State Board of Commerce and Industry.
3. St. Tammany Corporation will send the company a local application which will be utilized to compile information deemed necessary for proper evaluation. The company will have 14 days to complete and return the application.
4. St. Tammany Corporation will conduct an impact analysis of the project using industry recognized software.
5. Within 30 days of initial notification, The Parish ITEP Committee (consisting of representatives from each taxing authority) will meet to discuss the project. Discussion will center around:
 - A. Project compliance with Parish Guidelines
 - B. Apparent Project Advantages/Disadvantages stated in LED documents
 - C. Reviewing St. Tammany Corporation's impact analysis
6. The Parish ITEP Committee will determine if the project does or does not comply with local guidelines and send a letter stating such along with the findings from the Impact Analysis Study to the respective taxing authorities.
7. The taxing authorities will vote to approve or deny the company's ITEP at their scheduled meetings.
8. Each taxing authority will notify LED within 3 business days with the results of the vote and the subsequent resolution.

ITEP Local Endorsement Process



*St Tammany Corporation will conduct administrative activities for local process

**Municipal Council only votes if the company is located within City Limits

*** Any Taxing Authority may elect not to place the ITEP on their agenda or consider the project. In doing so the taxing authority in question is in essence deferring their approval or denial to the State.