

FACT SHEET**CITY OF SHREVEPORT, LOUISIANA****TITLE**

A resolution establishing guidelines for the approval or disapproval by the Shreveport City Council for Industrial Tax Exemption applications submitted to LED for projects located in the City of Shreveport, and to otherwise provide with respect thereto.

DATE

January 28, 2020

ORIGINATING DEPARTMENT

NA

COUNCIL DISTRICT

City-wide

SPONSOR

John Nickelson

PURPOSE

To establish guidelines for the approval or disapproval by the Shreveport City Council for Industrial Tax Exemption applications submitted to LED for projects located in the City of Shreveport.

BACKGROUND INFORMATION

Louisiana Economic Development (LED) proposed new rules governing the Industrial Tax Exemption Program (ITEP) as a competitive incentive for job creation and, under compelling circumstances, job retention. Those rules were adopted by the Louisiana Board of Commerce and Industry and published in the Louisiana Registrar on August 20, 2018.

The City of Shreveport City Council endorses the rules adopted by the Louisiana Board of Commerce and Industry to limit the ITEP abatement to an 80% abatement for a maximum of two five-year terms and to provide local governing entities discretion over whether exemptions are granted.

TIMETABLE

Introduction: January 28, 2020

Final Passage: January 28, 2020

ATTACHMENT(S)**SPECIAL PROCEDURAL REQUIREMENTS**

None

FINANCES

NA

SOURCE OF FUNDS

NA

ALTERNATIVES

(1) Adopt the resolution as submitted, or (2) Amend the resolution, or (3) Reject the resolution.

RECOMMENDATION

Councilman John Nickelson recommends adoption of this Resolution.

FACT SHEET PREPARED BY:

Danielle A. Farr Ewing
Deputy Clerk of Council

RESOLUTION NO. _____ OF 2020

A RESOLUTION ESTABLISHING GUIDELINES FOR THE APPROVAL OR DISAPPROVAL BY THE SHREVEPORT CITY COUNCIL FOR INDUSTRIAL TAX EXEMPTION APPLICATIONS SUBMITTED TO LED FOR PROJECTS LOCATED IN THE CITY OF SHREVEPORT, AND TO OTHERWISE PROVIDE WITH RESPECT THERETO.

BY COUNCILMEMBER: JOHN NICKELSON

WHEREAS, Louisiana Economic Development (“LED”) proposed new rules governing the Industrial Tax Exemption Program (“ITEP”) as a competitive incentive for job creation and, under compelling circumstances, job retention. Those rules were adopted by the Louisiana Board of Commerce and Industry and published in the Louisiana Registrar on August 20, 2018.

WHEREAS, the City of Shreveport City Council (“City Council”) endorses the rules adopted by the Louisiana Board of Commerce and Industry to limit the ITEP abatement to an 80% abatement for a maximum of two five-year terms and to provide local governing entities discretion over whether exemptions are granted.

WHEREAS, transparent incentive rules which provide consistency and predictability allow ease in comprehension of the abatement structure.

WHEREAS, recognizing that these rules are to promote job creation and spur economic development the City of Shreveport (“City”) desires to establish guidelines for the approval or disapproval by City Council for Industrial Tax Exemption applications submitted to LED for projects located in the City.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Shreveport, in due, legal and regular session convened, that guidelines for the approval or disapproval by the City of Shreveport for Industrial Tax Exemption applications submitted to LED for projects located in the City of Shreveport are hereby established as follows:

City of Shreveport Industrial Tax Exemption Program Guidelines

An exemption request which has been shown by LED’s return on investment analysis to produce a positive return on investment to the City and which has been approved by the Louisiana Board of Commerce and Industry shall win approval of City Council, provided it meets the following criteria:

1. The project is for a new facility considering locating in the City of Shreveport, a major expansion of an existing facility, or a project providing environmental benefits above and beyond any requirements of federal, state, or local law or judicial settlement; and
2. The project will bring about net increases in permanent, full-time employment in the City, as defined the Louisiana Administrative Code, Title 13, Economic Development, Chapter 5, §502

and Chapter 11, § 1101, of at least fifteen permanent, full-time position or ten percent of the applicant company's pre-project employment baseline.

Facilities facing the imminent prospect of closure or relocation to another City, Parish, or State may win approval for an industrial tax exemption request at the discretion of the City Council, even without meeting the job creation standards above.

The recipient of an ITEP abatement forfeits its ability to apply for or receive local Enterprise Zone sales and use tax reimbursement to prevent stacking abatements on the same project during the ITEP abatement period.

Exemptions for Mega-Projects will be granted as defined by the Louisiana Administrative Code, Title 13, Economic Development, Chapter 5, §502:

Mega-Project –a manufacturing establishment that provides all of the following:

1. 500 jobs, employed directly, only, and otherwise meeting the definition of jobs, which shall generate a minimum of \$20,000,000 in net new payroll within three years of the beginning of operations; and
2. a minimum of \$100,000,000 in capital expenditures.

City Council shall not approve exemptions for capital expenditures deemed to be routine or not in a circumstance of a competitive site selection process, including any project on which construction already has been completed prior to its exemption gaining approval from City Council.

The City Finance Department shall create in-take forms to establish clear baselines and projections for outcomes referenced herein, including for current applicant employment, projected applicant employment by category (direct, contract, etc.), current property value, projected ad valorem revenue yield, and average depreciation schedule for any property receiving an exemption. Project commitments made to City Council shall be included in approval resolutions.

When the Chief Administrative Officer (CAO) is notified of an Industrial Tax Exemption affecting the City of Shreveport has been approved by the Board of Commerce and Industry, the CAO shall place a resolution to approve that exemption on the Shreveport City Council agenda within thirty (30) days the LED approval being posted to the LED Board website. The resolution shall state that a decision to approve or deny the exemption must be made within sixty (60) days of the initial posting to the LED Board website.

BE IT FURTHER RESOLVED that if any provision or item of this resolution or the application thereof is held invalid, such invalidity shall not affect other provisions, items or application of this resolution which can be given effect without the invalid provisions, items or application and, to this end, the provisions of this resolution are hereby declared servable; and

BE IT FURTHER RESOLVED that all ordinances or resolutions or parts thereof in conflict herewith are hereby repealed.

APPROVED AS TO LEGAL FORM:

City Attorney's Office