

Bond Case Briefs

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Pine Prairie Energy Center, LLC v. Soileau

Court of Appeal of Louisiana, Third Circuit - June 11, 2014 - So.3d - 2014-5 (La.App. 3 Cir. 6/11/14)

An Industrial Development Board was formed in order to acquire, own, and lease property to operator (PPEC) of a natural gas storage facility. The IDB issued bonds to finance the facility and the Parish Assessor exempted the property from taxation.

In May 2006, PPEC conveyed the property to the IDB and leased it back. In 2011, the Assessor placed the PPEC project property on the tax rolls. PPEC objected, paid the taxes under protest, and sued, seeking a declaratory judgment and a refund.

The Court of Appeal held that:

- The pipeline was an accessory to the pipeline servitude, and was thus conveyed along with the servitudes under the Act of Conveyance;
- La.R.S. 51:1160, which created the tax exemption for IDBs, was constitutional;
- The PPEC project was beneficial to the public of Evangeline Parish and, thus, was being used for a public purpose;
- There was valid consideration for the conveyance and lease-back agreements and, as a result, the transaction was not a simulation; and
- The Parish was enjoined from issuing further tax assessments, bills and/or liens, and from instituting any further enforcement proceedings against PPEC or the IDB in connection with the property during the term of the lease-back between those parties.