
TAX - LOUISIANA

Crowne Air, Inc. v. St. Tammany Parish

Court of Appeal of Louisiana, First Circuit - February 29, 2016 - So.3d - 2016 WL 852480 - 2015-0741 (La.App. 1 Cir. 2/29/16)

Sublessees under long-term subleases from city, which had leased land from parish and airport authority, brought action against parish tax collector, parish assessor, and chairman of state tax commission seeking declaratory judgment and to recover taxes paid under protest. The District Court entered summary judgment in favor of parish assessor. Sublessees appealed.

The Court of Appeal held that:

- Sublessees' leasehold improvements were not owned by the public, and thus were not exempt from ad valorem taxation, and
- Improvements were not for a public purpose, and thus were not exempt from ad valorem taxation.

Leasehold improvements made by sublessees, which subleased airport land from city for purpose of building hangars, were not owned by the public, and thus were not exempt from ad valorem taxation under applicable state constitutional provision, since language of sublease clearly contemplated that any permanent improvements made by sublessees during lease term remained property of sublessees until lease was terminated, and improvements were not translated into public domain, since sublessees did not let public use the land with intention of making dedication to public use.

Leasehold improvements made by sublessees, which subleased airport land from city for purpose of building hangars, after parish and airport authority had leased airport land to city, were not for a public purpose, and thus were not exempt from ad valorem taxation under applicable state constitutional provision, even though agreement between city, parish, and authority declared the land be used for non-commercial aeronautical activities essential to city's operation of its public airport and beneficial to city's economic development, where subleases did not contain such language, and subleases and operating agreements specifically provided that sublessees were permitted to lease of hangars to third parties for profit.

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