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Cameron Parish Police Jury v. All Taxpayers

Court of Appeal of Louisiana, Third Circuit - February 21, 2017 - So.3d - 2017 WL 693927 - 2017-55 (La.App. 3 Cir. 2/21/17)

Parish police jury and school board brought action to validate proposed cooperative endeavor agreement and payment in lieu of taxes (CEA/PILOT) agreement with natural gas liquefaction facility operator.

The District Court entered judgment finding proposed agreement legally invalid. Police jury and school board appealed.

The Court of Appeal held that:

- As a matter of first impression, statutes providing for CEA/PILOT agreements did not authorize police jury to enter into an agreement to reduce or effectively exempt ad valorem taxes for a single taxpayer already operating in the area;
- Proposed agreement violated statutes setting forth procedure for assessing and collecting ad valorem taxes; and
- Proposed agreement violated uniformity provision of constitution.

Statutes providing for public-private partnerships in economic development projects, including through cooperative endeavor agreement and payment in lieu of taxes (CEA/PILOT) agreements and through tax increment or bond financing, did not authorize police jury to enter into an agreement to reduce or effectively exempt ad valorem taxes for a single taxpayer already operating in the area.

Proposed cooperative endeavor agreement and payment in lieu of taxes (CEA/PILOT) agreement, by which police jury would accept fixed annual payments from taxpayer, an operator of a natural gas liquefaction facility, in lieu of ad valorem taxes based upon the facility's fair market value, violated statutes setting forth procedure for assessing and collecting ad valorem taxes, which required assessment at percentage of fair market or use value and prohibited omission of taxable property from assessment list.

Proposed cooperative endeavor agreement and payment in lieu of taxes (CEA/PILOT) agreement, providing for taxing authorities to obligate themselves not to collect ad valorem taxes from taxpayer, which operated a natural gas liquefaction facility, in excess of specified amount and for parish to certify fair market value of facility only in such amount as specified by agreement, violated uniformity provision of state constitution; uniformity provision granted exclusive authority to assessor to assess the facility, while police jury's authority was limited to one of review.

Proposed cooperative endeavor agreement and payment in lieu of taxes (CEA/PILOT) agreement, providing for taxing authorities to obligate themselves not to collect ad valorem taxes from taxpayer, which operated a natural gas liquefaction facility, in excess of specified amount and for parish to certify fair market value of facility only in such amount as specified by agreement, violated constitutional provision forbidding exemptions from ad valorem taxes except in enumerated

exceptions; agreement operated as partial exemption of a manufacturer's taxes.