2025 Regular Session

HOUSE BILL NO. 366

BY REPRESENTATIVE DESHOTEL

TAX/AD VALOREM TAX: (Constitutional Amendment) Authorizes parishes to exempt
        business inventory from ad valorem taxes and authorizes parishes to reduce the
        percentage of fair market value applicable to business inventory

1   A JOINT RESOLUTION

2   Proposing to amend Article VII, Section 18(A) and (B) and to add Article VII, Sections 20.1

3   and 20.2 of the Constitution of Louisiana, relative to ad valorem taxes; to provide for

4   the classification of certain property; to authorize the exemption of certain property

5   under certain circumstances; to authorize certain payments to certain parishes; to

6   provide for effectiveness; to provide for submission of the proposed amendment to

7   the electors; and to provide for related matters.

8   Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members

9   elected to each house concurring, that there shall be submitted to the electors of the state of

10   Louisiana, for their approval or rejection in the manner provided by law, a proposal to

11   amend Article VII, Section 18(A) and (B) and to add Article VII, Sections 20.1 and 20.2 of

12   the Constitution of Louisiana, to read as follows:

13   §18. Ad Valorem Taxes

14   Section 18.(A) Assessments. Property subject to ad valorem taxation shall

15   be listed on the assessment rolls at its assessed valuation, which, except as provided

16   in ~~Paragraphs (C), (F), and (G)~~ this Section, shall be a percentage of its fair market

17   value. The percentage of fair market value shall be uniform throughout the state

18   upon the same class of property.

1   (B) Classification. (1) The classifications of property subject to ad valorem

2   taxation and the percentage of fair market value applicable to each classification for

3   the purpose of determining assessed valuation are as follows:

4   Classifications   Percentages

5   1.(a) Land   10%

6   2.(b) Improvements for residential purposes   10%

7   3.(c) Electric cooperative properties, excluding land   15%

8   4.(d) Public service properties, excluding land   25%

9   (e) Public Service property, excluding land, owned

10   by a railroad company   15%

11   (f) Business inventory   15%

12   5.(g) Other property   15%

13   (2) For purposes of ad valorem taxation, a parish may elect to reduce the

14   percentage of fair market value applicable to property considered business inventory,

15   as defined in law. The legislature may provide by law enacted by two-thirds of the

16   elected members of each house for the implementation of the provision of this

17   Subparagraph. Once enacted, any change to these laws shall also be enacted by

18   two-thirds of the elected members of each house of the legislature.

19   (3) The legislature may enact laws defining electric cooperative properties

20   and public service properties.

21   *   *   *

22   §20.1. Ad valorem tax; Business inventory tax exemption prohibition

23   Section 20.1. Notwithstanding any provision of this constitution to the

24   contrary, the legislature shall not enact any law mandating any taxing authority to

25   exempt business inventory from ad valorem tax. For purposes of this Section,

26   "business inventory" means the aggregate of those items of tangible personal

27   property that are held for sale in the ordinary course of business, are currently in the

28   process of production for subsequent sale, or are to physically become a part of the

29   production of such goods.

1   §20.2. Ad Valorem Tax Exemption Funding

2   Section 20.2. The state may make a one-time payment to each parish that

3   elects to irrevocably exempt, in accordance with law, business inventory from ad

4   valorem tax. Any payment made pursuant to this Section shall be disbursed by the

5   treasurer to the tax collector of the parish. The tax collector shall distribute the

6   monies pro rata to each taxing authority that levies an ad valorem tax within the

7   parish. The amount of the payment shall be calculated as provided by law and

8   certified by the Department of Revenue. Notwithstanding any provision of this

9   constitution to the contrary, monies shall be disbursed by the treasurer to the

10   collector within thirty days of receipt of a certification from the secretary of the

11   Department of Revenue that the parish has irrevocably elected to exempt business

12   inventory from ad valorem tax.

13   Section 2. Be it further resolved that the provisions of the amendment contained in

14   this Joint Resolution shall become effective on January 1, 2027, and shall be applicable to

15   tax years beginning on or after January 1, 2027.

16   Section 3. Be it further resolved that this proposed amendment shall be submitted

17   to the electors of the state of Louisiana at the statewide election to be held on November 3,

18   2026.

19   Section 4. Be it further resolved that on the official ballot to be used at the election,

20   there shall be printed a proposition, upon which the electors of the state shall be permitted

21   to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as

22   follows:

23   Do you support an amendment to authorize a parish to elect to exempt

24   business inventory from ad valorem taxes or to reduce the percentage of fair

25   market value applicable to business inventory? (Effective January 1, 2027)

26   (Amends Article VII, Section 18(A) and (B); Adds Article VII, Sections 20.1

27   and 20.2)

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 366 Engrossed	2025 Regular Session	Deshotel

Abstract: Authorizes a parish to elect to exempt business inventory from ad valorem taxes; authorizes parishes to reduce the percentage of fair market value applicable to business inventory; prohibits the legislature from enacting a mandatory exemption for business inventory; and authorizes the state to make a one-time payment to parishes that elect to exempt business inventory from ad valorem taxes.

Present constitution requires all property subject to ad valorem tax to be listed on the parish assessment rolls at its assessed valuation which is a percentage of the property's fair market value. Present constitution requires the percentage of fair market value to be uniform throughout the state on the same class of property and requires assessors to reappraise and value property at intervals of not more than four years.

Present constitution provides for the different classifications of property which corresponds with a percentage of fair market value applicable to each classification.

Proposed constitutional amendment retains present constitution with regards to the assessment, listing of properties, and reappraisal of properties but changes the classifications of property by adding a separate classification for business inventory and public service property, excluding land owned by a railroad company.

Proposed constitutional amendment adds authorization for a parish to elect to reduce the percentage of fair market value applicable to business inventory, as defined in present law. Further provides that the legislature may provide for implementation of the optional exemption for business inventory which law is required to be enacted by favorable vote of two-thirds of the elected members of each house. Furthermore, once enacted, any change to these laws will also require a favorable vote of two-thirds of the elected members of each house of the legislature.

Proposed constitutional amendment prohibits the legislature from enacting a law requiring a taxing authority to exempt business inventory from ad valorem tax.

Proposed constitutional amendment authorizes the state to make a one-time payment to each parish that elects to irrevocably exempt business inventory from ad valorem tax. Further provides for the process for making the payments and disbursing the monies to each parish that elects to exempt business inventory.

Proposed constitutional amendment shall become effective on Jan. 1, 2027, and shall be applicable to tax years beginning on or after Jan. 1, 2027.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 3, 2026.

(Amends Const. Art. VII, §18(A) and (B); Adds Const. Art. VII, §§20.1 and 20.2)