

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:

Classifications	Percentages
4 1. <u>(a)</u> Land	10%
5 2. <u>(b)</u> Improvements for residential purposes	10%
6 3. <u>(c)</u> Electric cooperative properties, excluding land	15%
7 4. <u>(d)</u> Public service properties, excluding land	25%
8 <u>(e) Public Service property, excluding land, owned</u>	
9 <u>by a railroad company</u>	<u>15%</u>
10 <u>(f) Public service property, excluding land,</u>	
11 <u>limited to barge line and towing vessels</u>	<u>15%</u>
12 <u>(g) Business inventory</u>	<u>15%</u>
13 5. <u>(h)</u> Other property	15%

14
15 (2) For purposes of ad valorem taxation, a parish may elect to reduce the
16 percentage of fair market value applicable to property considered business inventory,
17 as defined in law. The legislature may provide by law enacted by two-thirds of the
18 elected members of each house for the implementation of the provision of this
19 Subparagraph. Once enacted, any change to these laws shall also be enacted by
20 two-thirds of the elected members of each house of the legislature.

21 (3) The legislature may enact laws defining electric cooperative properties
22 and public service properties.

23 * * *

24 §20.1. Ad valorem tax; Business inventory tax exemption prohibition

25 Section 20.1. Notwithstanding any provision of this constitution to the
26 contrary, the legislature shall not enact any law mandating any taxing authority to
27 exempt business inventory from ad valorem tax. For purposes of this Section,
28 "business inventory" means the aggregate of those items of tangible personal
29 property that are held for sale in the ordinary course of business, are currently in the

1 process of production for subsequent sale, or are to physically become a part of the
 2 production of such goods.

3 Section 2. Be it further resolved that the provisions of the amendment contained in
 4 this Joint Resolution shall become effective on January 1, 2027, and shall be applicable to
 5 tax years beginning on or after January 1, 2027.

6 Section 3. Be it further resolved that this proposed amendment shall be submitted
 7 to the electors of the state of Louisiana at the statewide election to be held on November 3,
 8 2026.

9 Section 4. Be it further resolved that on the official ballot to be used at the election,
 10 there shall be printed a proposition, upon which the electors of the state shall be permitted
 11 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
 12 follows:

13 Do you support an amendment to authorize a parish to elect to exempt
 14 business inventory from ad valorem taxes or to reduce the percentage of fair
 15 market value applicable to business inventory? (Effective January 1, 2027)
 16 (Amends Article VII, Section 18(A) and (B); Adds Article VII, Section 20.1)

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 Reengrossed

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 establishes separate property classifications for public service property, excluding land owned by a railroad company and public service property, excluding land, limited to barge line and towing vessels.

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 separate classifications for public service property, excluding land, owned by a railroad company and public service property, excluding land, limited to barge line and towing vessels.

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 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)

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Delete provisions of proposed constitutional amendment authorizing the state to make a one-time payment to each parish that elects to irrevocably exempt business inventory from ad valorem tax.
2. Delete provisions related to the process for making the payments and disbursing the monies to each parish that elects to exempt business inventory.
3. Establish a separate public service property classification for barge line and towing vessels with a fair market value percentage of 15%.