

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 366** HLS 25RS 935

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

REVISED

Date: May 7, 2025	3:00 PM	Author: DESHOTEL
Dept./Agy.: Local taxing authorities		Analyst: Deborah Vivien
Subject: Optional state payment for exemption or FMV reduction		

TAX/AD VALOREM TAX RE -\$17,400,000 LF RV See Note Page 1 of 1
 (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
Current constitution authorizes local taxing authorities to impose an ad valorem tax on inventory assessed at 15% of fair market value.

Proposed amendment authorizes local governments to lower the percentage of fair market value of inventory subject to ad valorem taxes. Proposed amendment prohibits the state from mandating an ad valorem inventory tax exemption. Proposed law lowers the percentage of fair market value that is assessed on interstate barge line and towing vessels from 25% to 15%, equalizing the rate with intrastate barge lines and towing vessels.

Effective with tax years beginning on or after January 1 2027 after voter approval on November 3, 2026.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	(\$64,000)	(\$64,000)	(\$128,000)
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	(\$64,000)	(\$64,000)	(\$128,000)

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	DECREASE	(\$17,400,000)	(\$17,400,000)	(\$17,400,000)	(\$52,200,000)
Annual Total	\$0		(\$17,400,000)	(\$17,400,000)	(\$17,400,000)	(\$52,200,000)

EXPENDITURE EXPLANATION

The LA Tax Commission fees deposited to the LA Tax Commission Expense Fund based on 0.04% of the value of assessments will be reduced by about \$64,000 annually due to the lowering of the percentage of fair market value that is assessed on interstate barge line and towing vessels in the bill.

The Department of State may incur minimal ballot processing costs associated with this measure. As a regular practice, the Department of State typically budgets for up to 10 constitutional amendments and statewide propositions for the fall statewide elections. To the extent the ballot includes more than 10 constitutional amendments and statewide propositions, the Department of State may require additional SGF resources for the November 3, 2026, statewide election. Any expenditure impact would be realized in FY 27.

REVENUE EXPLANATION

To the extent local governments opt to lower the percentage of fair market value of inventory that is taxed, local revenue will decline. Without a known pattern of adoption, the fiscal impacts of the bill are unknown.

The provision in the bill lowering the percentage of fair market value assessed for interstate barge line and towing vessels is estimated by the LA Tax Commission to reduce local revenue statewide by about \$17.4 M annually. The figures are based on 2024 values of barge line and towing companies assessed by the LA Tax Commission (intrastate barge lines and towing companies are currently assessed locally at 15%) which operate across state lines. Fair market value (FMV) of interstate barge lines and towing companies totaled \$1.6 B in 2024 with an assessed value at 25% of \$398.2 M. If the assessed value was 15% of FMV as in the bill, the total assessed value would be \$238.9 M, which is a reduction of \$159.3 M. At an average millage of 109.2, the reduction in local AVT revenue is estimated at \$17.4 M, as shown in the table above beginning in FY 27 for Orleans and FY 28 elsewhere.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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Legislative Fiscal Officer