
The original instrument was prepared by Leonore Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by Curry J. Lann.

SB 247 Engrossed DIGEST Allain
2022 Regular Session

Present law provides that all property is subject to ad valorem tax unless specifically exempted including goods held in inventory.

Proposed law authorizes parishes to exempt all inventory held by all taxpayers from all ad valorem taxation in the parish.

Proposed law provides two alternative procedures for the adoption of the exemption for goods held in inventory:

- (1) In parishes with one or more municipalities, the parish governing authority, with the approval of the governing authorities of all municipalities, adopts the exemption ordinance after publication of the proposed ordinance in the parish's official journal 30 days before the proposed effective date and a minimum of one public hearing during the 30-day period.
- (2) The parish governing authority adopts the exemption ordinance which must be approved by majority vote of the voters in the parish who vote in the election that is called and conducted pursuant to the Louisiana Election Code.

Proposed law provides that once adopted the exemption shall be in place until revoked by a 2/3 vote of the elected members of each house of the legislature.

Proposed law provides that "goods held in inventory" includes:

- (1) Goods awaiting sale including merchandise of a retailer or wholesaler concern, finished goods of a manufacturer, commodities from farms, mines, and quarries, used or trade-in merchandise, and by-products of a manufacturer.
- (2) Goods that are in the course of production.
- (3) Raw materials and supplies that will be consumed in the manufacturing process.
- (4) Any item of tangible personal property owned by a retailer that is available for or subject to a short-term rental and that will subsequently or ultimately be sold by the retailer, with limited exceptions.

Proposed law provides that "goods held in inventory" does not include items that would otherwise be considered inventory at any time following the initial lease by the taxpayer of such items, items

that would otherwise be considered inventory any time after the taxpayer has commenced depreciating the item on the taxpayer's federal tax return, or items that have been subject to use by the taxpayer when owned for more than eighteen months except in limited circumstances.

Proposed law provides that the manufacturing establishment tax exemption program and optional exemption for inventory held by distribution centers provided by the present constitution does not apply to parishes making the election to exempt all inventory under proposed law.

Effective if and when the proposed amendment to add Article VII, Section 21(O) of the Constitution of Louisiana contained in the Act which originated as SB 246 of the 2022 RS is adopted at the statewide election to be held on November 8, 2022, and becomes effective.

(Adds R.S. 47:1717)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Clarifies language relative to the procedure for exemption in parishes with municipalities.
2. Specifies that the election is called and conducted pursuant to the Louisiana Election Code.
3. Provides for technical changes.