

2023 Regular Session

SENATE BILL NO. 2

BY SENATOR ALLAIN

TAX EXEMPTIONS. Constitutional amendment to phase out the tax on inventory and establish the maximum allowable exemption for the industrial property tax exemption program. (2/3 - CA13s1(A))

1 A JOINT RESOLUTION

2 Proposing to amend Section 21(F) and to add Section 21(O) of the Constitution of  
3 Louisiana, relative to ad valorem tax exemptions; to limit new contracts for industrial  
4 tax exemptions on ad valorem taxes to sixty percent for all school millages and  
5 eighty percent for all other millages; to phase out the ad valorem tax on inventory  
6 over a five-year period; and to specify an election for submission of the proposition  
7 to electors and provide a ballot proposition.

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, for  
10 their approval or rejection in the manner provided by law, a proposal to amend Section 21(F)  
11 and to add Section 21(O) of the Constitution of Louisiana, to read as follows:

12 §21. Other Property Exemptions

13 Section 21. In addition to the homestead exemption provided for in Section  
14 20 of this Article, the following property and no other shall be exempt from ad  
15 valorem taxation:

16 \* \* \*

17 (F)(1) Notwithstanding any contrary provision of this Section, the State

1 Board of Commerce and Industry or its successor, with the approval of the governor,  
2 may enter into contracts for the exemption from ad valorem taxes of a new  
3 manufacturing establishment or an addition to an existing manufacturing  
4 establishment, on such terms and conditions as the board, with the approval of the  
5 governor, deems in the best interest of the state.

6 (2) The exemption shall be for an initial term of no more than five calendar  
7 years, and may be renewed for up to an additional five years. All property exempted  
8 shall be listed on the assessment rolls and submitted to the Louisiana Tax  
9 Commission or its successor, but no taxes shall be collected thereon during the  
10 period of exemption with respect to the exempt percentage of assessed valuation.

11 (3) For new contracts and contract renewals entered into pursuant to this  
12 Paragraph on or after January 1, 2024, the maximum exemption the board may  
13 grant shall be:

14 (a) Sixty percent of the assessed valuation for ad valorem taxes dedicated  
15 to, levied by, or levied on behalf of a city school board, parish school board, or  
16 other local public school board.

17 (b) Eighty percent of the assessed value for ad valorem taxes levied by  
18 any other local taxing authority.

19 (4) The terms "manufacturing establishment" and "addition" as used herein  
20 mean a new plant or establishment or an addition or additions to any existing plant  
21 or establishment which engages in the business of working raw materials into wares  
22 suitable for use or which gives new shapes, qualities or combinations to matter which  
23 already has gone through some artificial process. The terms "new manufacturing  
24 establishment" and "addition to an existing manufacturing establishment" shall  
25 not include maintenance, required environmental upgrades, miscellaneous  
26 capital improvements, or replacements of existing machinery or equipment.

27 \* \* \*

28 (O) Goods held in inventory shall be exempt from ad valorem taxation  
29 as follows:

1                    **(1)(a) For ad valorem taxes due in 2024, twenty percent of the assessed**  
2                    **valuation shall be exempt.**

3                    **(b) For ad valorem taxes due in 2025, forty percent of the assessed**  
4                    **valuation shall be exempt.**

5                    **(c) For ad valorem taxes due in 2026, sixty percent of the assessed**  
6                    **valuation shall be exempt.**

7                    **(d) For ad valorem taxes due in 2027, eighty percent of the assessed**  
8                    **valuation shall be exempt.**

9                    **(d) For ad valorem taxes due in 2028 and thereafter, one hundred**  
10                   **percent of the assessed valuation shall be exempt.**

11                   **(2) "Goods held in inventory" shall mean goods that are held for sale in**  
12                   **the ordinary course of business, goods in production or for ultimate**  
13                   **consumption in the production of goods for sale in the ordinary course of**  
14                   **business, and goods utilized in the ordinary course of business for marketing**  
15                   **and distribution activities.**

16                   Section 2. 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 October 14,  
18                   2023.

19                   Section 3. Be it further resolved that on the official ballot to be used at said 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 eliminate the property tax on inventory  
24                   over five years and limit the exemption manufacturers can receive under the  
25                   industrial tax exemption program to sixty percent for school-related property  
26                   taxes and eighty percent for all other property taxes?

27                   (Amends Const. Art. VII, Sec. 21(F); adds Const. Art. VII, Sec. 21(O))

