

2023 Regular Session

HOUSE BILL NO. 153

BY REPRESENTATIVE DEVILLIER

TAX/AD VALOREM-EXEMPTION: (Constitutional Amendment) Phases-in, over a four year period, a property tax exemption for items constituting business inventory

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A JOINT RESOLUTION

Proposing to add Article VII, Section 21(O) of the Constitution of Louisiana, relative to ad valorem tax exemptions; to exempt certain items constituting business inventory from ad valorem taxation; to prohibit the reduction in revenue associated with the exemption from impacting the calculation of millage rates by taxing authorities; to require taxing authorities to absorb the loss of revenue resulting from the exemption; to prohibit the reappraisal and valuation of property for purposes of millage adjustment under certain circumstances; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to add Article VII, Section 21(O) of the Constitution of Louisiana, to read as follows:

§21. Other Property Exemptions

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

* * *

(O)(1) Beginning January 1, 2024, items constituting business inventory, including goods which are held for sale, goods in production or for ultimate

1 consumption in the production of goods or services for sale, and goods utilized in
2 marketing and distribution activities, referred to hereafter in this paragraph as
3 "property", shall be exempt in accordance with the following provisions:

4 (a) For taxes payable in 2024, the value of the exemption shall be equal to
5 fifty percent of the assessed value of the property.

6 (b) For taxes payable in 2025, the value of the exemption shall be equal to
7 sixty-five percent of the assessed value of the property.

8 (c) For taxes payable in 2026, the value of the exemption shall be equal to
9 eighty percent of the assessed value of the property.

10 (d) For taxes payable in 2027 and thereafter, the value of the exemption shall
11 be equal to one hundred percent of the assessed value of the property.

12 (2) Notwithstanding any provision of this constitution to the contrary,
13 property for which the exemption authorized in this Paragraph has been claimed shall
14 not be treated as taxable property for purposes of any subsequent reappraisals and
15 valuation for millage adjustment purposes pursuant to Article VII, Section 23(B) of
16 this constitution. The decrease in the total amount of ad valorem tax collected by a
17 taxing authority as a result of the exemption authorized in this Paragraph shall be
18 absorbed by the taxing authority and shall not create any additional tax liability for
19 taxpayers in the taxing district as a result of any subsequent reappraisal and valuation
20 or millage adjustment. Implementation of the exemption authorized in this
21 Paragraph shall neither trigger nor be cause for a reappraisal of property or an
22 adjustment of millages pursuant to the provisions of Article VII, Section 23(B) of
23 this constitution.

24 Section 2. Be it further resolved that this proposed amendment shall be submitted
25 to the electors of the state of Louisiana at the statewide election to be held on October 14,
26 2023.

27 Section 3. Be it further resolved that on the official ballot to be used at the election,
28 there shall be printed a proposition, upon which the electors of the state shall be permitted

1 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
2 follows:

3 Do you support an amendment to phase-in a property tax exemption for
4 property constituting business inventory and to require that a loss of tax
5 revenue resulting from the exemption be absorbed by the taxing authority
6 without any increase in tax liability for taxpayers, any reappraisal of
7 property, or any adjustment of tax millages? (Adds Article VII, Sec. 21(O))

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 153 Original

2023 Regular Session

DeVillier

Abstract: Provides for a four-year phase-in, from 2024 through 2027, of an ad valorem property tax exemption for business inventory and requires that the decrease in taxes associated with the exemption be absorbed by the taxing authority, causing neither increases in tax liability for taxpayers nor reappraisal.

Present constitution authorizes local governments and other political subdivisions to levy ad valorem property taxes on movable and immovable property within their jurisdictions. Stipulates, however, that those taxes are subject to a variety of exemptions provided in present constitution.

Proposed constitutional amendment adds a property tax exemption, to be phased-in over four years, for property constituting business inventory including goods which are held for sale, goods in production or for ultimate consumption in the production of goods or services for sale, and goods utilized in marketing and distribution activities. Establishes the following schedule for phasing-in the exemption for property constituting business inventory:

- (1) For taxes payable in 2024, 50% of the assessed value of the property is exempt from taxation.
- (2) For taxes payable in 2025, 65% of the assessed value of the property is exempt from taxation.
- (3) For taxes payable in 2026, 80% of the assessed value of the property is exempt from taxation.
- (4) For taxes payable in 2027 and thereafter, 100% of the assessed value of the property shall be exempt from taxation.

Proposed constitutional amendment provides that notwithstanding any provision of present constitution, property exempted by proposed constitutional amendment is excluded from valuation in the parish assessment, and the decrease in the total amount of ad valorem tax collected by a taxing authority as a result of the exemption is absorbed by the taxing authority, with no increase in tax liability for taxpayers.

Proposed constitutional amendment provides, additionally, that implementation of the exemption shall neither trigger nor be cause for a reappraisal of property or an adjustment of millages pursuant to certain provisions of present constitution (Const. Art. VII, §23(B)).

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 14, 2023.

(Adds Const. Art. VII, §21(O))