



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **HB 650** HLS 26RS 1265  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 31, 2026 11:06 AM	<b>Author:</b> BRASS
<b>Dept./Agy.:</b> Tax Commission and Local Governments	<b>Analyst:</b> Garrett Ordner
<b>Subject:</b> Inventory Tax Rebate	

TAX/TAX REBATES OR DECREASE SD RV See Note Page 1 of 1  
 Authorizes a rebate for inventory taxes paid

Proposed law establishes a rebate for local inventory taxes for taxpayers who fail to qualify for the tax credit provided in present law for local inventory taxes paid, but who have otherwise paid ad valorem property taxes to a political subdivision in La. on inventory in the prior year, and provides for the rebate to be calculated in the same manner and at the same percentages as the tax credit provided in present law for local inventory taxes paid. Proposed law stipulates that a taxpayer shall not receive a rebate if he receives any other state tax benefit for inventory taxes paid. Proposed law requires the Department of Revenue (LDR) to administer proposed law, including processing applications for the rebate, issuing the rebate, and promulgating all rules to implement payment of the rebate. Further requires a taxpayer to submit an application for the rebate to the department by June 30th of the year following his payment of ad valorem property taxes to a political subdivision on inventory. Proposed law authorizes the department to recover rebates previously paid to a taxpayer but later disallowed through any collection remedy pursuant to present law. Proposed law requires rebates to be paid from current collections of taxes imposed by present law. Proposed law is effective January 1, 2027, and applicable to payments of ad valorem taxes made on or after January 1, 2026.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	<b>\$148,213</b>	<b>\$98,327</b>	<b>\$101,277</b>	<b>\$104,315</b>	<b>\$107,444</b>	<b>\$559,576</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$148,213</b>	<b>\$98,327</b>	<b>\$101,277</b>	<b>\$104,315</b>	<b>\$107,444</b>	<b>\$559,576</b>

  

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	SEE BELOW	DECREASE	DECREASE	DECREASE	DECREASE	
Ded./Other	SEE BELOW	DECREASE	DECREASE	DECREASE	DECREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**  
 Proposed law is anticipated to increase SGR expenditures within the Department of Revenue (LDR) beginning in FY 27. LDR anticipates one additional Revenue Tax Specialist (salary and related benefits of \$95,463) will be needed to administer the rebate program, with annual market rate adjustments beginning in FY 28. In addition, one-time expenditures for computer system modifications, form design, and testing are estimated to result in costs of \$52,750 in FY 27.

**REVENUE EXPLANATION**  
 Payment of the proposed rebate will result in a significant but indeterminable decrease in SGF, SGR and Statutory Dedications revenues beginning as early as FY 27 and gradually growing to **nearly \$250 M** as the remaining inventory tax credit carryforwards are exhausted. This estimate is based on C-corporation and fiduciary inventory tax credit claims for the 2023 tax year; however, the precise fiscal impacts will depend on the amount of inventory tax paid, the timing of rebate applications and payments, and the utilization of inventory tax credits carried forward from previous years. The LFO assumes the rebate will result in a reduction in corporate income tax revenues and therefore deposits to the Revenue Stabilization Trust Fund, as well as a reduction in fiduciary income tax revenues and therefore SGF.

LDR reports that inventory tax credit claims on 2023 tax returns received in FY 24, FY 25, and FY 26 total \$245.9 M for C-corporations, consisting of \$156 M in credits against income taxes and \$87.9 M against franchise taxes. Additionally, tax year 2023 inventory tax credit claims total \$2.2 M for estates and trusts.

Present law excludes C-corporations, as well as estates and trusts subject to the income tax levied under R.S. 47:300.1, from receiving an income tax credit for ad valorem taxes paid on inventory on or after July 1, 2026. However, these entities are allowed to carry forward remaining credits for a period of fifteen years, assuming the credit did not expire prior to January 1, 2025. Proposed law provides that inventory taxes for which the taxpayer receives a credit do not qualify for the rebate, but as these carryforwards are exhausted, LFO assumes the rebate will gradually make up the difference.

Proposed law does not provide for a sunset on the rebate or a cap on the amount of the rebate that may be provided. Under proposed law, applications for rebates for ad valorem taxes paid in 2026 may be made as late as June 30, 2027. It is therefore unclear whether any rebates will be paid in FY 27. Any reduction to income tax revenues will also reduce self-generated revenues to LDR, which receives 1% of such revenues for operating expenses.

- |  |                            |  |
|--|----------------------------|--|
| <u>Senate</u>  | <u>Dual Referral Rules</u> | <u>House</u>   |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}       |                            | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} |                            | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

  
**Alan M. Boxberger**  
**Legislative Fiscal Officer**