

2026 Regular Session

HOUSE BILL NO. 1124

BY REPRESENTATIVE HEBERT

TAX/AD VALOREM-EXEMPTION: Provides relative to an optional exemption of business inventory from ad valorem taxes and a partial exemption for that property based on fair market value adjustments

1 AN ACT

2 To amend and reenact R.S. 47:1703.2(C)(3) and 1703.3(A)(3), relative to ad valorem taxes;
3 to provide for ad valorem property tax exemptions; to provide relative to an optional
4 exemption for business inventory; to provide for administration of the exemption;
5 to provide for payments to parishes that elect to exempt business inventory from ad
6 valorem taxation; to provide for partial exemptions for business inventory through
7 reductions in percentages of fair market value applied to that property; to provide for
8 requirements and limitations; to provide for applicability; to provide for
9 effectiveness; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 47:1703.2(C)(3) and 1703.3(A)(3) are hereby amended and reenacted
12 to read as follows:

13 §1703.2. Exemption; optional exemption for business inventory

14 * * *

15 C.

16 * * *

17 (3) Any parish that elects to phase-in an exemption of one hundred percent
18 of business inventory from ad valorem tax over a period not to exceed ~~five~~ seven
19 years shall receive a payment equal to the greater of the amount of ad valorem taxes

1 collected on business inventory within the parish for the 2026 tax year or five
2 hundred thousand dollars. However, the maximum amount a parish may receive
3 pursuant to the provisions of this Paragraph shall not exceed ten million dollars.

4 * * *

5 §1703.3. Business inventory; partial exemption; percentage of fair market value
6 adjustment

7 A.

8 * * *

9 (3) The partial exemption reducing the percentage of fair market value
10 applicable to business inventory shall be evidenced in writing and shall be submitted
11 to the Louisiana Tax Commission and the appropriate tax assessor within ~~ten~~ fifteen
12 calendar days of the execution of the agreement between the sheriff, school board,
13 and the parish governing authority to reduce the percentage of fair market value
14 applicable to business inventory. The written documentation shall contain the new
15 percentage of fair market value applicable to business inventory in the parish and
16 shall indicate the effective date of the reduced percentage. The Louisiana Tax
17 Commission shall include all written notifications received from parishes indicating
18 a reduction of the percentage of the fair market value applicable to business
19 inventory in the commission's annual reports.

20 * * *

21 Section 2. The provisions of this Act shall be applicable to property tax years
22 beginning on or after January 1, 2026.

23 Section 3. The provisions of Section 1 of this Act that amend R.S. 47:1703.2(C)(3)
24 and 1703.3(A)(3) supersede the provisions of Section 1 of Act No. 357 of the 2025 Regular
25 Session of the Legislature that enact R.S. 47:1703.2(C)(3) and 1703.3(A)(3).

26 Section 4.(A) Sections 1 and 2 of this Act shall become effective when Section 1 of
27 Act No. 357 of the 2025 Regular Session of the Legislature becomes effective.

28 (B) This Section and Section 3 of this Act shall become effective upon signature by
29 the governor or, if not signed by the governor, upon expiration of the time for bills to

1 become law without signature by the governor, as provided by Article III, Section 18 of the
 2 Constitution of Louisiana. If vetoed by the governor and subsequently approved by the
 3 legislature, this Section and Section 3 of this Act shall become effective on the day following
 4 such approval.

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 1124 Original

2026 Regular Session

Hebert

Abstract: Provides relative to administration of an optional ad valorem tax exemption for items constituting business inventory and for partial exemptions for business inventory through reductions in percentages of fair market value applied to that property.

New law enacted by Act No. 357 of the 2025 R.S. establishes an optional ad valorem tax exemption on items constituting business inventory. Defines "business inventory" as items of tangible personal property that are held for sale in the ordinary course of business, are in the process of production for subsequent sale, or are to physically become a part of the production of goods.

New law provides that the exemption shall apply only in parishes in which the sheriff, school board, and parish governing authority all elect to implement the exemption.

New law allows parishes to immediately implement the full exemption or to phase-in the exemption over a period of five years. Authorizes different levels of compensation from the state to a parish based on the implementation option selected by the parish.

Proposed law changes the phase-in period from five years to seven years.

New law enacted by Act No. 357 of the 2025 R.S. authorizes parishes to partially exempt business inventory from ad valorem taxation by reducing the percentage of fair market value (FMV) applicable to that property in determining its assessed valuation if agreed to by the sheriff, school board, and governing authority of the parish. Requires that the reduced FMV percentage applicable to business inventory be evidenced in writing and submitted to the La. Tax Commission and parish tax assessor within ten calendar days of the execution of the agreement by the sheriff, school board, and governing authority to implement the partial exemption.

Proposed law extends the period for submission of the reduced FMV percentage to the La. Tax Commission and parish tax assessor from within 10 days of the execution of the agreement by the sheriff, school board, and governing authority to within 15 days of the execution of the agreement.

Proposed law applies to tax years beginning on or after Jan. 1, 2026.

New law enacted by Act No. 357 of the 2025 R.S. and proposed law become effective if and when the proposed amendment of Article VII of the Constitution of La. contained in Act No. 221 of the 2025 R.S. is adopted at a statewide election and becomes effective.

(Amends R.S. 47:1703.2(C)(3) and 1703.3(A)(3))