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## DIGEST

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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))