

2015 Regular Session

HOUSE BILL NO. 613

BY REPRESENTATIVE LEGER

TAX/AD VALOREM-EXEMPTION: (Constitutional Amendment) Phases-in over a five year period an exemption for items constituting business inventory

1 A JOINT RESOLUTION

2 Proposing to add Article VII, Section 21(M) of the Constitution of Louisiana, to provide  
3 with respect to ad valorem property tax; to exempt certain items constituting  
4 business inventory from ad valorem property tax; to provide for effectiveness; to  
5 provide for submission of the proposed amendment to the electors; and to provide  
6 for related matters.

7 Be it enacted by the Legislature of Louisiana:

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 of  
10 Louisiana, for their approval or rejection in the manner provided by law, a proposal to add  
11 Article VII, Section 21(M) 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 (M) Beginning January 1, 2016, items constituting business inventory,  
18 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 hereinafter as "property", shall be  
 3 exempt in accordance with the following:

4 (1) For taxes payable in 2016, the value of the exemption shall be equal to  
 5 twenty percent of the assessed value of the property.

6 (2) For taxes payable in 2017, the value of the exemption shall be equal to  
 7 forty percent of the assessed value of the property.

8 (3) For taxes payable in 2018, the value of the exemption shall be equal to  
 9 sixty percent of the assessed value of the property.

10 (4) For taxes payable in 2019, the value of the exemption shall be equal to  
 11 eighty percent of the assessed value of the property.

12 (5) Beginning January 1, 2020, the property will be fully exempt from  
 13 taxation.

14 \* \* \*

15 Section 2. Be it further resolved that the provisions of the amendment contained in  
 16 this Joint Resolution shall become effective on January 1, 2016, and shall be applicable  
 17 to taxable years beginning on and after such date.

18 Section 3. Be it further resolved that this proposed amendment shall be submitted  
 19 to the electors of the state of Louisiana at the statewide election to be held on October 24,  
 20 2015.

21 Section 4. Be it further resolved that on the official ballot to be used at the election,  
 22 there shall be printed a proposition, upon which the electors of the state shall be permitted  
 23 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as  
 24 follows:

25 Do you support an amendment to gradually exempt items constituting  
 26 business inventory from ad valorem property tax over five years? (January  
 27 1, 2016) (Adds Article VII, Section 21(M))

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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)]

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HB 613 Original

2015 Regular Session

Leger

**Abstract:** Five year phase-in of an ad valorem property tax exemption for items constituting business inventory beginning in 2016.

Present constitution authorizes local governments to impose an ad valorem property tax upon movable and immovable property within their jurisdictions.

Proposed constitutional amendment provides for a five year phase in (20% per year) of an exemption from ad valorem property tax for items constituting business inventory. Such items include 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.

Effective Jan. 1, 2016, and is applicable to taxable years beginning on and after such date.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 24, 2015.

(Adds Const. Art. VII, §21(M))