

RÉSUMÉ DIGEST

ACT 12 (HB 11)

2024 Third Extraordinary Session

Deshotel

Existing law and existing constitution provide for the levy of ad valorem property tax and for the classification and annual assessment of property for purposes of calculating ad valorem taxes (Article VII, Sections 18 through 23 of the Constitution of La. and Chapter 1 of Subtitle 3 of Title 47 of the La. R.S.).

New law redesignates all sections of existing law relative to ad valorem taxes. Retains all provisions of existing law, except for removing references to articles in the constitution and changing cross references to statutes in prior law.

New law adds new sections of law (R.S. 47:1701 and 1717-1721) to encompass redesignated provisions of present constitution if the proposed constitutional amendment is adopted by the voters. Authorizes and directs the La. State Law Institute to renumber sections of law according to the numbering system provided in new law.

Homestead Exemption

Existing constitution authorizes the levy of ad valorem taxes on property within the state. Existing constitution establishes an exemption from state, parish, and special ad valorem property taxes for the bona fide homestead of the property owner, for the first \$7,500 of assessed valuation. Existing law provides for administration and implementation by assessors in each parish of the homestead exemption as well as other property tax exemptions.

New law retains provisions relative to the homestead exemption provided for in the existing constitution. New law retains provisions in existing law relative to the timing of the status of real and personal property in Orleans Parish for purposes of claiming the homestead exemption for the following calendar year. Also retains general provisions of existing law relative to penalties for property owners who provide false statements and information for purposes of claiming the homestead exemption or other property tax exemptions.

Other Property Tax Exemptions

Existing constitution provides for the classification and assessment of property subject to ad valorem taxation. Present constitution provides an exclusive list of types of property that, in addition to property to which the homestead exemption provided for in existing constitution applies, shall be exempt from ad valorem taxation.

New law and the proposed constitutional amendment moves the provisions of Art. VII, §21 which provides the exclusive list of property exempt from ad valorem taxation from the present constitution to statute (R.S. 47:1703).

New law adds an optional ad valorem tax exemption on items constituting business inventory, including goods which are held for sale and goods in production or for ultimate consumption in the production of goods or services for sale. New law defines "business inventory" for purposes of new law.

New law limits the optional exemption to parishes in which the sheriff, school board, and the parish governing authority elect to exempt business inventory from ad valorem taxation. Requires the exemption election to be evidenced in writing and to indicate if the parish will implement the full exemption immediately or over a period not to exceed five years. New law requires that the election be made no later than July 1, 2026, and provides that the election shall be applicable to taxable periods beginning on or after Jan. 1, 2026. Stipulates that the parish's election to exempt business inventory shall be irrevocable.

New law provides that any parish which elects to exempt 100% of business inventory from ad valorem tax shall immediately receive a payment from the state equal to the greater of three times the amount of ad valorem taxes collected on business inventory within the parish for the 2023 tax year or \$1M dollars. Any parish that elects to phase-in the exemption over a period not to exceed five years shall receive a payment equal to the greater of the amount of ad valorem taxes collected on business inventory within the parish for the 2023 tax year

or \$500,000. New law limits the maximum amount a parish may receive from the state for immediately implementing an exemption for business inventory to \$15M and limits the maximum amount a parish may receive for phasing-in an exemption for business inventory to \$10M.

New law provides that calculation of the payments to parishes electing to exempt items constituting business inventory shall be as follows:

PARISH	PAYMENT AMOUNT IF PROPERTY EXEMPTION IS IMMEDIATE	PAYMENT AMOUNT IF PROPERTY EXEMPTION IS PHASED-IN
Acadia	\$8,064,687	\$2,688,229
Allen	\$4,649,178	\$1,549,726
Ascension	\$15,000,000	\$10,000,000
Assumption	\$12,643,215	\$4,214,405
Avoyelles	\$3,311,623	\$1,103,874
Beauregard	\$10,698,616	\$3,566,205
Bienville	\$15,000,000	\$9,803,655
Bossier	\$15,000,000	\$10,000,000
Caddo	\$15,000,000	\$10,000,000
Calcasieu	\$15,000,000	\$10,000,000
Caldwell	\$1,000,000	\$500,000
Cameron	\$11,841,732	\$3,947,244
Catahoula	\$1,000,000	\$500,000
Claiborne	\$1,000,000	\$500,000
Concordia	\$2,591,401	\$863,800
Desoto	\$4,506,854	\$1,502,285
East Baton Rouge	\$15,000,000	\$10,000,000
East Carroll	\$2,942,280	\$980,760
East Feliciana	\$2,361,471	\$787,157
Evangeline	\$9,014,235	\$3,004,745
Franklin	\$4,100,553	\$1,366,851
Grant	\$2,996,249	\$998,750
Iberia	\$15,000,000	\$5,485,411
Iberville	\$15,000,000	\$10,000,000
Jackson	\$2,334,131	\$778,044
Jefferson	\$15,000,000	\$10,000,000
Jefferson Davis	\$5,318,676	\$1,772,892
Lafayette	\$15,000,000	\$10,000,000
Lafourche	\$15,000,000	\$6,119,490
LaSalle	\$3,686,862	\$1,228,954
Lincoln	\$8,279,452	\$2,759,817
Livingston	\$13,489,157	\$4,496,386
Madison	\$3,868,362	\$1,289,454
Morehouse	\$4,726,058	\$1,575,353
Natchitoches	\$6,077,027	\$2,025,676
Orleans	\$15,000,000	\$10,000,000
Ouachita	\$15,000,000	\$10,000,000
Plaquemines	\$15,000,000	\$8,442,726
Pointe Coupee	\$3,399,273	\$1,133,091
Rapides	\$15,000,000	\$10,000,000

Red River	\$1,421,703	\$500,000
Richland	\$5,095,444	\$1,698,481
Sabine	\$2,046,275	\$682,158
St. Bernard	\$15,000,000	\$10,000,000
St. Charles	\$15,000,000	\$10,000,000
St. Helena	\$1,000,000	\$500,000
St. James	\$15,000,000	\$10,000,000
St. John the Baptist	\$15,000,000	\$10,000,000
St. Landry	\$15,000,000	\$8,013,535
St. Martin	\$15,000,000	\$6,128,714
St. Mary	\$15,000,000	\$7,325,494
St. Tammany	\$15,000,000	\$10,000,000
Tangipahoa	\$15,000,000	\$7,294,402
Tensas	\$1,000,000	\$500,000
Terrebonne	\$15,000,000	\$8,835,679
Union	\$1,428,985	\$500,000
Vermilion	\$4,236,873	\$1,412,291
Vernon	\$3,585,481	\$1,195,160
Washington	\$4,904,267	\$1,634,756
Webster	\$9,632,542	\$3,210,847
West Baton Rouge	\$15,000,000	\$10,000,000
West Carroll	\$1,277,144	\$500,000
West Feliciana	\$1,800,699	\$600,233
Winn	\$1,964,567	\$654,856

New law requires the tax collector of each parish electing to exempt from ad valorem taxation items constituting business inventory to distribute the payment received from the state treasurer on a pro rata basis to each taxing authority within the parish that levies an ad valorem tax. Further requires the treasurer to disburse monies to the collector within 30 days of receiving certification from the Dept. of Revenue that the parish has elected to irrevocably exempt business inventory from ad valorem tax.

Special Assessment Level

Existing constitution grants a special assessment level to certain owners of residential property receiving the homestead exemption. The special assessment level prohibits the total assessment of the property from being increased above the total assessment of the property for the first year that the eligible owner qualifies for and receives the special assessment level. Eligible owners include people who are 65 years of age or older, people who have a service-connected disability rating of 50% or more, members of the armed forces of the U.S. or the La. National Guard who owned and occupied the property who are killed in action, missing in action or are a prisoner of war for a period exceeding 90 days, and people who are permanently totally disabled as determined by a final non-appealable judgment of certain courts or state or federal administrative agencies charged with the responsibility for making disability determinations.

Existing constitution limits a person from receiving the special assessment if the person's adjusted gross income exceeds \$100,000. Beginning in 2026, the \$100,000 limit is adjusted annually by the Consumer Price Index.

New law retains all provisions regarding the special assessment level provided for in the existing constitution.

Adjustment of Ad Valorem Millages

Present constitution prohibits the total amount of ad valorem taxes collected by any taxing authority in the year in which the mandatory reappraisal and valuation of property occurs to be increased or decreased because of a reappraisal or valuation or increases or decreases in the homestead exemption above or below the total amount of ad valorem taxes collected by that taxing authority in the year preceding implementation of the reappraisal and valuation. To accomplish this result, the provisions of millage adjustments in present constitution are mandatory.

New law moves all provisions in the present constitution regarding the adjustment of ad valorem millages (Art. VII, §23) from the constitution to statute (R.S. 47:1719).

Business Inventory Fair Market Value

Existing constitution requires that business inventory be assessed a percentage of fair market value for purposes of determining ad valorem taxes. Present constitution sets the percentage of fair market value business inventory is to be assessed at 15%.

New law retains all provisions of existing constitution regarding the assessment of business inventory. However, new law and the proposed constitutional amendment authorizes a parish to elect to reduce the percentage of fair market value applicable to business inventory if approved by the parish's sheriff, school board, and parish governing authority. New law requires the election to be sent in writing to the La. Tax Commission and the parish tax assessor along with the new percentage of fair market value applicable to business inventory in the parish and the taxable periods to which the reduction will apply.

New law requires that any decrease in the total amount of ad valorem tax collected by the taxing authority as a result of the reduction be absorbed by the taxing authority and no additional tax liability should be created as a result of a subsequent reappraisal valuation or millage adjustment.

Effectiveness

New law becomes effective if and when the proposed amendment of Art. VII of the Constitution of La. contained in Act No. 1 of the 2024 3rd E.S. is adopted at a statewide election and becomes effective.

(Amends R.S. 47:1703, 1703.1(A), 1705(B)(1)(a) and (b)(i), (2)(a), (b), (c)(i)(intro. para.) and (ii), (d), and (D), 1707-1708, 1710, 1712, 1713(B), 1714(intro. para.), (1), and (6), 1715(intro. para.), (1), and (6), and 1716; Adds R.S. 47:1702(12)-(15) and 1717-1720)