

GREEN SHEET REDIGEST

HB 366

2025 Regular Session

Deshotel

TAX/AD VALOREM TAX: (Constitutional Amendment) Authorizes parishes to exempt business inventory from ad valorem taxes and authorizes parishes to reduce the percentage of fair market value applicable to business inventory

DIGEST

Present constitution requires all property subject to ad valorem tax to be listed on the parish assessment rolls at its assessed valuation which is a percentage of the property's fair market value. Present constitution requires the percentage of fair market value to be uniform throughout the state on the same class of property and requires assessors to reappraise and value property at intervals of not more than four years.

Present constitution provides for the different classifications of property which corresponds with a percentage of fair market value applicable to each classification.

Proposed constitutional amendment retains present constitution with regards to the assessment, listing of properties, and reappraisal of properties but changes the classifications of property by adding a separate classification for business inventory.

Proposed constitutional amendment defines "business inventory" as the aggregate of those items of tangible personal property as defined in law that are held for sale in the ordinary course of business, are currently in the process of production for subsequent sale, or are to physically become a part of the production of such goods.

Proposed constitutional amendment adds authorization for a parish to elect to reduce the percentage of fair market value applicable to business inventory, as defined in present constitution. Further provides that the legislature may provide for implementation of the optional exemption for business inventory which law is required to be enacted by favorable vote of two-thirds of the elected members of each house. Furthermore, once enacted, any change to these laws will also require a favorable vote of two-thirds of the elected members of each house of the legislature.

Proposed constitutional amendment prohibits the legislature from enacting a law requiring a taxing authority to exempt business inventory from ad valorem tax.

Proposed constitutional amendment shall become effective on Jan. 1, 2027, and shall be applicable to tax years beginning on or after Jan. 1, 2027.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 3, 2026.

(Amends Const. Art. VII, §18(A) and (B); Adds Const. Art. VII, §20.1)

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Delete provisions of proposed constitutional amendment authorizing the state to make a one-time payment to each parish that elects to irrevocably exempt business inventory from ad valorem tax.
2. Delete provisions related to the process for making the payments and disbursing the monies to each parish that elects to exempt business inventory.
3. Establish a separate public service property classification for barge line and towing vessels with a fair market value percentage of 15%.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs
to the reengrossed bill

1. Delete provisions of proposed constitutional amendment establishing a separate classification for certain public service property.
2. Clarify that items of tangible personal property for purposes of the definition of business inventory have the meaning given to the term in law.
3. Make technical changes.