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## DIGEST

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### CONFERENCE COMMITTEE REPORT DIGEST

**HB 366**

**2025 Regular Session**

**Deshotel**

#### Keyword and oneliner of the instrument as it left the House

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

#### Report adopts Senate amendments to:

1. Remove authorization for the legislature to provide for implementation of the optional exemption for business inventory by law which is required to be enacted by favorable vote of two-thirds of the elected members of each house. Once enacted, any change to these laws would also require a favorable vote of two-thirds of the elected members of each house of the legislature.
2. Authorize the state to make one-time payments from the Revenue Stabilization Trust Fund to each parish that elects to irrevocably exempt business inventory from ad valorem tax.
3. Add provisions for the disbursement of the state payment to parishes by the state treasurer to local collectors and for the distribution of monies to tax authorities within a parish by the local collector.
4. Authorize an optional ad valorem property tax exemption in the state constitution for business inventory by authorizing a parish to reduce the percentage of fair market value applicable to business inventory.
5. Change the applicability of proposed law from property tax years beginning on or after Jan. 1, 2027, to property tax years beginning on or after Jan. 1, 2026.
6. Change the date of the statewide election to which proposed constitutional amendment will be submitted to the electors of this state from Nov. 3, 2026, to April 18, 2026.
7. Remove the Jan. 1, 2027, effective date of proposed constitutional amendment.

### **Report rejects Senate amendments which would have:**

1. Duplicated a separate property tax classification for public service property, excluding land, owned by a railroad company.

### **Report amends the bill to:**

1. Change the name of the fund to which one-time payments to local governments which elect to exempt business inventory from ad valorem taxes are paid from the Revenue Stabilization Fund to the Revenue Stabilization Trust Fund.
2. Remove the separate classification for public service property, excluding land, limited to barge line and towing vessels to be assessed at 15% of its fair market value.

### **Digest of the bill as proposed by the Conference Committee**

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 and a separate classification for public service property, excluding land, owned by a railroad company.

Proposed constitutional amendment defines "business inventory" as the aggregate of those items of tangible personal property 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 such goods.

Proposed law requires the state to make a one-time payment from the Revenue Stabilization Trust Fund to each parish that elects to irrevocably exempt all business inventory within its boundaries from ad valorem tax. Any payment made from the Revenue Stabilization Trust Fund shall be disbursed by the treasurer within 30 days of receipt of a certification from the secretary of the Dept. of Revenue that the parish has irrevocably elected to exempt business inventory from ad valorem tax to the tax collector of the parish. The tax collector shall distribute the monies pro rata to each taxing authority that levies an ad valorem tax within the parish.

Proposed constitutional amendment requires the amount of the state payment to be calculated as provided by proposed law and certified by the Dept. of Revenue.

Proposed constitutional amendment authorizes an optional ad valorem property tax exemption on items constituting business inventory as defined in proposed constitutional amendment by reducing the percentage of fair market value applicable to business inventory if the sheriff, school board, and the parish governing authority elect to reduce the percentage of fair market value applicable to business inventory.

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 be applicable to tax years beginning on or after Jan. 1, 2026.

Provides for submission of the proposed amendment to the voters at the statewide election to be held April 18, 2026.

(Amends Const. Art. VII, §§10.15(F)(1) and 18(A) and (B); Adds Const. Art. VII, §§20.1, 20.2, and 21(P))