

2021 Regular Session

HOUSE BILL NO. 114

BY REPRESENTATIVE DEVILLIER

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

1 A JOINT RESOLUTION

2 Proposing to add Article VII, Section 21(O) of the Constitution of Louisiana, relative to ad  
3 valorem property tax; to exempt certain items constituting business inventory; to  
4 prohibit the loss of revenue associated with this exemption from impacting the  
5 calculation of millage rates by taxing authorities; to require taxing authorities to  
6 absorb the loss of revenue resulting from the exemption; to prohibit the reappraisal  
7 and valuation of property for purposes of millage adjustment under certain  
8 circumstances; to provide for effectiveness; to provide for submission of the  
9 proposed amendment to the electors; and to provide for related matters.

10 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members  
11 elected to each house concurring, that there shall be submitted to the electors of the state of  
12 Louisiana, for their approval or rejection in the manner provided by law, a proposal to add  
13 Article VII, Section 21(O) of the Constitution of Louisiana, to read as follows:

14 §21. Other Property Exemptions

15 Section 21. In addition to the homestead exemption provided for in Section  
16 20 of this Article, the following property and no other shall be exempt from ad  
17 valorem taxation:

18 \* \* \*

19 (O)(1) Beginning January 1, 2023, items constituting business inventory,  
20 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" in this  
3 paragraph, shall be exempt in accordance with the following:

4 (a) For taxes payable in 2023, the value of the exemption shall be equal to  
5 fifty percent of the assessed value of the property.

6 (b) For taxes payable in 2024, the value of the exemption shall be equal to  
7 sixty-five percent of the assessed value of the property.

8 (c) For taxes payable in 2025, the value of the exemption shall be equal to  
9 eighty percent of the assessed value of the property.

10 (d) Beginning January 1, 2026, the value of the exemption shall be equal to  
11 one hundred percent of the assessed value of the property.

12 (2) Notwithstanding any provision of this constitution to the contrary,  
13 property for which the exemption authorized in this Paragraph has been claimed shall  
14 not be treated as taxable property for purposes of any subsequent reappraisals and  
15 valuation for millage adjustment purposes pursuant to Article VII, Section 23(B) of  
16 this constitution. The decrease in the total amount of ad valorem tax collected by a  
17 taxing authority as a result of the exemption authorized in this Paragraph shall be  
18 absorbed by the taxing authority and shall not create any additional tax liability for  
19 taxpayers in the taxing district as a result of any subsequent reappraisal and valuation  
20 or millage adjustment. Implementation of the exemption authorized in this  
21 Paragraph shall neither trigger nor be cause for a reappraisal of property or an  
22 adjustment of millages pursuant to the provisions of Article VII, Section 23(B) of  
23 this constitution.

24 \* \* \*

25 Section 2. Be it further resolved that this proposed amendment shall be submitted  
26 to the electors of the state of Louisiana at the statewide election to be held on November 8,  
27 2022.

1 Section 3. Be it further resolved that on the official ballot to be used at the election,  
2 there shall be printed a proposition, upon which the electors of the state shall be permitted  
3 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as  
4 follows:

5 Do you support an amendment to phase-in an exemption from ad valorem  
6 property tax for business inventory and to require that any decrease in taxes  
7 resulting from the exemption be absorbed by the taxing authority, without  
8 any increase in tax liability for taxpayers and without triggering reappraisal  
9 of property or adjustment of millages? (January 1, 2023) (Adds Article VII,  
10 Sec. 21(O))

---

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)]

---

HB 114 Original

2021 Regular Session

DeVillier

**Abstract:** Provides a four-year phase-in of an ad valorem property tax exemption for business inventory and requires that the decrease in taxes associated with the exemption be absorbed by the taxing authority, causing neither increases in tax liability for taxpayers nor reappraisal.

Present constitution authorizes local governments and other political subdivisions to levy ad valorem property taxes on movable and immovable property within their jurisdictions. Further, those taxes are subject to a variety of exemptions provided by the present constitution.

Proposed constitutional amendment adds an exemption to be phased in over four years (50%, then 65%, then 80%, then 100%) beginning Jan. 1, 2023, for property constituting business inventory including 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.

Proposed constitutional amendment further provides that notwithstanding any other provision of the present constitution, property exempted by the proposed constitutional amendment shall be excluded from valuation in the parish assessment, and the decrease in the total amount of ad valorem tax collected by a taxing authority as a result of the exemption shall be absorbed by the taxing authority, with no increase in tax liability for taxpayers. Additionally, implementation of the exemption shall neither trigger nor be cause for a reappraisal of property, or an adjustment of millages pursuant to the provisions of the present constitution.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 8, 2022.

(Adds Const. Art. VII, §21(O))

