

2025 Regular Session

HOUSE BILL NO. 365

BY REPRESENTATIVES DESHOTEL AND ROMERO

1 AN ACT

2 To enact R.S. 47:1703.2 and 1703.3, relative to ad valorem taxes; to provide for ad valorem  
3 property tax exemptions; to provide for the classification of certain property; to  
4 provide for the adjustment of fair market value percentage of certain property under  
5 certain circumstances; to authorize a parish to exempt certain property under certain  
6 circumstances; to authorize certain payments to certain parishes; to provide for the  
7 administration of ad valorem property tax exemptions; to provide for limitations and  
8 requirements; to provide for effectiveness; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:1703.2 and 1703.3 are hereby enacted to read as follows:

11 §1703.2. Exemption; optional exemption for business inventory

12 A. There shall be an optional ad valorem tax exemption on items constituting  
13 business inventory, as defined in R.S. 47:1703.3. The exemption election shall be  
14 evidenced in writing and shall indicate if the parish will exempt one hundred percent  
15 of business inventory immediately, exempt one hundred percent of business  
16 inventory over a period of time, or if business inventory will be partially exempt by  
17 reducing the percentage of fair market value applicable to the property.

18 B. The exemption provided for in this Section shall apply only in parishes  
19 in which the sheriff, school board, and the parish governing authority elect to exempt  
20 business inventory from ad valorem taxation.

1           C. (1) A parish electing, prior to July 1, 2027, to exempt one hundred percent  
2           of property constituting business inventory either immediately or over a period not  
3           to exceed five years shall receive a one-time payment from the Revenue Stabilization  
4           Trust Fund. An exemption made pursuant to this Paragraph shall be applicable to  
5           taxable periods beginning on and after January 1, 2027.

6           (2) Any parish that elects to exempt one hundred percent of business  
7           inventory from ad valorem tax and implements the exemption immediately shall  
8           receive a payment equal to the greater of thrice the amount of ad valorem taxes  
9           collected on business inventory within the parish for the 2026 tax year or one million  
10          dollars. However, the maximum amount a parish may receive pursuant to the  
11          provisions of this Paragraph shall not exceed fifteen million dollars.

12          (3) Any parish that elects to phase-in an exemption of one hundred percent  
13          of business inventory from ad valorem tax over a period not to exceed five years  
14          shall receive a payment equal to the greater of the amount of ad valorem taxes  
15          collected on business inventory within the parish for the 2026 tax year or five  
16          hundred thousand dollars. However, the maximum amount a parish may receive  
17          pursuant to the provisions of this Paragraph shall not exceed ten million dollars.

18          (4) Any parish electing to exempt business inventory from ad valorem tax on  
19          or after July 1, 2027, shall not be eligible for any payment pursuant to this  
20          Subsection. Any parish electing to partially exempt business inventory by reducing  
21          the percentage of fair market value applicable to property considered business  
22          inventory shall not be eligible for any payment pursuant to this Subsection.

23          D. The tax collector of each parish receiving a payment pursuant to  
24          Subsection C of this Section shall distribute the monies received from the treasurer  
25          on a pro rata basis to each taxing authority that levies an ad valorem tax within the  
26          parish. The treasurer shall disburse monies to the collector within thirty days of  
27          receipt of a certification from the secretary of the Department of Revenue that the  
28          parish has irrevocably elected to exempt one hundred percent of business inventory  
29          from ad valorem tax.

1           E. Property for which an exemption authorized in this Section has been  
2           claimed shall not be treated as taxable property for purposes of any subsequent  
3           reappraisals and valuation for millage adjustment purposes pursuant to Article VII,  
4           Section 23 of the Constitution of Louisiana. Any decrease in the total amount of ad  
5           valorem tax collected by a taxing authority as a result of an ad valorem exemption  
6           authorized in this Subsection shall be absorbed by the taxing authority and shall not  
7           create any additional tax liability for taxpayers in the taxing district as a result of any  
8           subsequent reappraisal and valuation or millage adjustment. Implementation of an  
9           exemption authorized in this Subsection shall neither trigger nor be cause for a  
10          reappraisal of property or an adjustment of millages pursuant to Article VII, Section  
11          23 of the Constitution of Louisiana.

12          §1703.3. Business inventory; partial exemption; percentage of fair market value  
13          adjustment

14          A.(1)(a) In accordance with the Constitution of Louisiana for purposes of ad  
15          valorem taxation, a parish may elect to partially exempt business inventory by  
16          reducing the percentage of fair market value applicable to property considered  
17          business inventory established in the constitution.

18          (b) The election by a parish to reduce the percentage of fair market value  
19          applicable to business inventory pursuant to the provisions of this Section shall be  
20          irrevocable and once the percentage of fair market value has been reduced in a  
21          parish, the percentage of fair market value shall not be increased. A parish shall not  
22          reduce the percentage of fair market value of business inventory more than once an  
23          assessment period.

24          (2) The partial exemption of business inventory shall apply only in parishes  
25          in which the sheriff, school board, and the parish governing authority elect to reduce  
26          the percentage of fair market value applicable to business inventory. However, the  
27          percentage of fair market value applicable to business inventory shall never be higher  
28          than the percentage applicable to business inventory pursuant to Article VII, Section  
29          18(B) of the Constitution of Louisiana.

1                   (3) The partial exemption reducing the percentage of fair market value  
2                   applicable to business inventory shall be evidenced in writing and shall be submitted  
3                   to the Louisiana Tax Commission and the appropriate tax assessor within ten  
4                   calendar days of the execution of the agreement between the sheriff, school board,  
5                   and the parish governing authority to reduce the percentage of fair market value  
6                   applicable to business inventory. The written documentation shall contain the new  
7                   percentage of fair market value applicable to business inventory in the parish and  
8                   shall indicate the effective date of the reduced percentage. The Louisiana Tax  
9                   Commission shall include all written notifications received from parishes indicating  
10                  a reduction of the percentage of the fair market value applicable to business  
11                  inventory in the commission's annual reports.

12                  B. Any decrease in the total amount of ad valorem tax collected by a taxing  
13                  authority as a result of the reduction of the percentage of fair market value applicable  
14                  to business inventory authorized in this Section shall be absorbed by the taxing  
15                  authority and no additional tax liability for taxpayers in the taxing district shall be  
16                  created as a result of any subsequent reappraisal and valuation or millage adjustment.  
17                  Implementation of the reduction of the percentage of fair market value applicable to  
18                  business inventory authorized in this Section shall neither trigger nor be cause for a  
19                  reappraisal of property or an adjustment of millages pursuant to Article VII, Section  
20                  23 of the Constitution of Louisiana.

21                  C. For purposes of this Section, the term "business inventory" shall mean the  
22                  aggregate of those items of tangible personal property as defined in R.S.  
23                  47:301(16)(a) that are held for sale in the ordinary course of business, are currently  
24                  in the process of production for subsequent sale, or are to physically become a part  
25                  of the production of such goods.

26                  Section 2. The provisions of this Act shall be applicable to property tax years  
27                  beginning on or after 2026.

1           Section 3. This Act shall take effect and become operative if and when the proposed  
2 amendment of Article VII of the Constitution of Louisiana contained in the Act which  
3 originated as House Bill No. 366 of this 2025 Regular Session of the Legislature is adopted  
4 at a statewide election and becomes effective.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_