

LEGISLATIVE FISCAL OFFICE
Fiscal Note

ACT 221

Fiscal Note On: **HB 366** HLS 25RS 935

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:



Date: June 16, 2025	7:56 AM	Author: DESHOTEL
Dept./Agy.: Local taxing authorities		Analyst: Deborah Vivien
Subject: Optional state payment for exemption or FMV reduction		

TAX/AD VALOREM TAX EN SEE FISC NOTE GF EX See Note Page 1 of 1

(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

Current constitution authorizes local taxing authorities to impose an ad valorem tax on inventory assessed at 15% of fair market value.

Proposed amendment authorizes local governments to lower the percentage of fair market value of inventory subject to ad valorem taxes. Proposed amendment prohibits the state from mandating an ad valorem inventory tax exemption. Proposed amendment authorizes appropriation from the Revenue Stabilization Trust Fund for payments to locals for inventory tax eliminations and provides for a one-time state payment from the Fund to local governments (see HB 365 of 25RS) to be distributed pro rata to each taxing authority with a levy in the parish. The payment is mandated to occur within 30 days of LDR certification of the election of the exemption.

Effective with voter approval on April 18, 2026 in tax year 2026. Inventory tax exemptions eligible for state payment to begin with tax year 2027.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0				\$0	\$0

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

EXPENDITURE EXPLANATION

Impacts of the bill are delineated in the enabling legislation HB 365 of 2025 Regular Session, particularly the payments authorized by this amendment.

The Department of State may incur minimal ballot processing costs associated with this measure. As a regular practice, the Department of State typically budgets for up to 10 constitutional amendments and statewide propositions for the fall statewide elections. To the extent the ballot includes more than 10 constitutional amendments and statewide propositions, the Department of State may require additional SGF resources for the November 3, 2026, statewide election. Any expenditure impact would be realized in FY 27.

REVENUE EXPLANATION

The bill funds the payments authorized in HB 365 of 2025 Regular Session from the Revenue Stabilization Trust Fund. To the extent local governments opt to lower the percentage of fair market value of inventory that is taxed, local revenue will decline. Without a known pattern of adoption, the fiscal impacts of the bill are unknown.

Additional impacts of the bill are delineated in the enabling legislation HB 365 of 2025 Regular Session.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger

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Legislative Fiscal Officer