

# Proposed legislation tests parish appetite for inventory tax reform

By Dillon Lowe



A pair of bills moving through the Louisiana Legislature would give parishes the option to phase out property taxes on business inventory—something supporters say could boost the state’s economic competitiveness. But local buy-in may prove elusive.

[House Bill 365](#), sponsored by state Rep. Daryl Deshotel, R-Marksville, outlines a process for parishes to either exempt inventory from ad valorem taxation or reduce the percentage of its fair market value. To participate, local sheriffs, school boards and parish governments would need to jointly agree in writing. Parishes that act by July 1, 2028, would receive one-time compensation from the state—up to \$15 million, depending on the scope and timing of the exemption.

The measure is paired with a constitutional amendment, [House Bill 366](#), also sponsored by Deshotel, which would appear on the statewide ballot in November 2026. If approved by voters, the amendment would authorize the local opt-in approach while barring the state from mandating any exemption from the top down.

Sanders Colbert, a tax attorney with [Stone Pigman](#), tells *Daily Report* that inventory taxes discourage companies from building warehouses and fulfillment centers in Louisiana.

"Eliminating any ad valorem tax on inventory would definitely make us more competitive," Colbert says.

Louisiana is one of the few states that allows local governments to levy property taxes on inventory (goods held for sale or in production for subsequent sale). The practice has long been criticized by business leaders, particularly those in sectors like e-commerce, manufacturing and retail. Until recently, C corporations could offset the local taxes with a refundable state tax credit. That credit was eliminated in the special session on tax reform last fall, leaving businesses fully exposed to the cost.

But the new proposal's voluntary nature presents complications. Colbert says many parishes are unlikely to opt in despite the offered incentives.

"Parishes that have big facilities get a huge amount of money from the inventory tax," he says. "I don't think many parishes—if any—would actually go through with it given the amount the state has offered to pay them."

In effect, that means the parishes most dependent on the inventory tax would be the least likely to give it up. And without widespread participation, the effort may not deliver the broad competitive boost supporters envision.

"The only parishes that might be interested are the ones that collect little or no inventory tax revenue to begin with. ... There's a lot of short-termism in some of these parishes, so it's possible that a one-time payment could entice some of them, but I haven't heard any parishes express that they would definitely proceed if given the chance," Colbert says.

[Constitutional Amendment No. 2](#), which voters rejected last month, would have allowed parishes to phase out their inventory taxes. Like many components of the failed amendment, the proposal has been reintroduced as a standalone measure in the current regular legislative session.

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