



This Week in State Tax (TWIST)

April 7, 2025



Louisiana: Constitutional Amendment Fails; Affects Inventory Tax Credit

During its November 2024 special session on tax reform, the Louisiana legislature approved a constitutional amendment to substantially rewrite the Finance and Revenue Article of the state constitution. The amendment was before the electorate for ratification on March 29, 2025; the proposed amendment was not adopted as about 65 percent of voters opposed it. Among other things, the proposed amendment would have required a two-thirds vote of the legislature to enact any new or increase any existing state tax deduction, exemption, credit, exclusion, or rebate; authorized local governments to eliminate or reduce the inventory property tax; and provided a one-time payment to localities that eliminated the inventory tax. The legislature also approved, and Governor Landry signed, several bills to substantially reform the state and local tax system in the Bayou State during the special session. As outlined in our [December 2, 2024 TWIST](#), the enacted changes included reductions in the personal and corporation income tax rates, repeal of the corporate franchise tax in 2026, increasing, temporarily, the state sales and use tax rate, and adding certain transactions to the sales and use tax base.

With the exception of the inventory tax credit (an offset of state income or franchise taxes for inventory property taxes paid to local governments), the rejection of the constitutional amendment does not generally have a near-term, direct impact on the other income and sales tax changes enacted during the special session. Act 5 (House Bill 2) of the special session repealed the inventory tax credit for C-corporations only effective July 1, 2026, apparently expecting localities to eliminate or reduce inventory taxes if the amendment had passed. As a result, with no further legislative changes, local governments will not have the ability to eliminate or reduce the inventory tax, and C-corporations will not be able to claim the inventory tax credit against their income or franchise taxes beginning on July 1, 2026. This matter is expected to be a topic of discussion in the upcoming legislative session. For further information on the Louisiana constitutional amendment or state tax reform, contact [Randy Serpas](#) or [Lori Wright](#).

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