
DIGEST

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CONFERENCE COMMITTEE REPORT DIGEST

HB 805

2015 Regular Session

Adams

Keyword and oneliner of the instrument as it left the House

TAX CREDITS: Provides for the carry forward rather than the refund of a certain portion of the tax credits for ad valorem taxes paid to local governments

Report adopts Senate amendments to:

1. Authorize taxpayers whose ad valorem taxes paid to political subdivisions are less than \$10,000 to receive 100% of the excess tax credit amounts in the form of a refund from the state.
2. Requires that refunds to taxpayers be paid from the current collections of income and corporation franchise taxes.
4. Adds the research and development tax credit to proposed law changing it from a refundable tax credit to one in which credit amounts which exceed taxpayer liability may be carried forward against subsequent income or corporation franchise tax liability for up to five years.

Report rejects Senate amendments which would have:

1. Authorized taxpayers whose ad valorem taxes paid to political subdivisions are \$10,000 or more to receive 25% of the excess tax credit amounts in the form of a refund and the remaining 75% may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

Report amends the bill to:

1. Authorize taxpayers whose ad valorem taxes paid to political subdivisions are \$10,000 or more to receive 75% of the excess tax credit amounts in the form of a refund and the remaining 25% may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.
2. Add the tax credit for a taxpayer who receives a federal Small Business Innovation Research

Grant equal to 40% of the award received during the tax year to the research and development tax credits which are no longer refundable under proposed law.

3. Clarify that proposed law shall not apply to amended returns timely filed on or after July 1, 2015, provided that these credits were properly claimed on an original return filed prior to July 1, 2015.
4. Make technical changes.

Digest of the bill as proposed by the Conference Committee

Present law provides for an income or corporation franchise tax credit for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers and on natural gas held or consumed in providing natural gas storage services or operating natural gas storage facilities. The amount of the credit shall be equal to 100% of the taxes paid to political subdivisions.

Present law provides that the taxpayer is entitled to a refund for any allowable credit which exceeds the aggregate tax liability of the taxpayer.

Proposed law retains present law for taxpayers whose tax liability for ad valorem taxes paid to political subdivisions is less than \$10,000.

Proposed law changes present law for taxpayers whose tax liability for ad valorem taxes paid to political subdivisions is \$10,000 or more from a refundable credit to one in which 75% of excess credit amounts which exceed taxpayer liability shall be refundable and 25% of the excess credit amounts may be carried forward against subsequent income or corporation franchise tax liability for up to five years.

Present law requires the Dept. of Revenue to refund the excess tax credit amount to the taxpayer from current tax collections of income and corporate franchise taxes.

Proposed law retains present law.

Present law authorizes a refundable income and corporation franchise tax credit for certain taxpayers who employ 50 or more persons and claim a federal income tax credit for increasing research activities. This tax credit is also available for taxpayers who employ less than 50 employees if the employer meets certain eligibility requirements. The amount of the credit ranges from 8% to 40% of the La. qualified research expenses for the taxable year depending on the number of employees the employer employs minus a base amount.

Proposed law changes the tax credit from a refundable credit to one in which credit amounts which exceed taxpayer liability may be carried forward against subsequent income or corporation franchise tax liability for up to five years.

Applicable to all claims for these tax credits on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates. However, the provisions of proposed law shall not apply to an amended return filed on or after July 1, 2015, provided that these credits were properly claimed on an original return filed prior to July 1, 2015.

(Amends R.S. 47:6006(A) and (B) and 6015(B)(1)and (2) and (D); Adds R.S. 47:6015(K))