
The legislative instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore F. Heavey.

CONFERENCE COMMITTEE REPORT DIGEST

SB 6

2016 Second Extraordinary Session

Morrell

Keyword and summary of the bill as proposed by the Conference Committee

TAX/AD VALOREM. Provides for the carry forward rather than the refund of a certain portion of the tax credit for ad valorem taxes paid on inventory. (gov sig) (Item #47)

Report adopts House amendments to:

1. Provide for applicability in the title.

Report rejects House amendments which would have:

1. Caused a technical error in the applicability section.

Report amends the bill to:

1. Clarify that taxpayers paying between \$500,001 and \$1,000,000 in ad valorem tax on inventory will only receive a refund of 75% of the credit in excess of their tax liability.
2. Clarify that taxpayers paying over \$1,000,000 in inventory will only receive a refund of 75% of the first one million dollars of inventory tax paid and the remaining excess credit is nonrefundable with a five-year carry forward.
3. Require that taxpayers that are members of a federal consolidated group combine their inventory tax paid in order to determine the amount of the excess credit that is refundable.
4. Provide that for newly created businesses with inventory taxes paid of less than \$10,000, only \$10,000 is refundable and for newly created businesses with inventory taxes paid between \$10,000, but no more than \$1,000,000, only 75% is refundable.

Digest of the bill as proposed by the Conference Committee

Present law provides for a tax credit against income and corporation franchise tax for 100% of the ad valorem tax paid to political subdivisions on certain inventory.

Present law provides for full refundability of ad valorem taxes paid, for taxpayers whose total payments of ad valorem tax eligible for the credit is less than \$10,000.

Proposed law retains these provisions but increases the amount to be refunded from less than \$10,000 to less than \$500,000.

Present law authorizes refundability for 75% of the tax credit for ad valorem tax paid on inventory for taxpayers whose total payments of ad valorem tax eligible for the credit is \$10,000 or more and provides for a nonrefundable credit for the remaining 25% of the credit that is in excess of the taxpayer's tax liability.

Proposed law provides that if the ad valorem tax paid is more than \$500,000 but less than or equal to \$1,000,000, then the taxpayer is to be refunded 75% of the excess credit and the remaining 25% may be carried forward as a credit against subsequent tax liability for a five-year carry forward.

Proposed law provides that for those taxpayers whose total payments of ad valorem tax eligible for the credit is \$1,000,000 then the taxpayer is to be refunded 75% of the first \$1,000,000 of excess credit and the remaining amount of the credit shall be carried forward as a credit against subsequent tax liability for a five-year carry forward.

Proposed law requires that taxpayers that are members of a federal consolidated group combine their inventory tax paid in order to determine the amount of the excess credit that is refundable.

Proposed law retains present law provisions for newly created businesses with inventory taxes of less than \$10,000 that only \$10,000 is refundable.

Proposed law limits refundability of the credit for business entities formed after April 15, 2016 that pay over \$10,000 and up to \$1,000,000 or less in ad valorem tax paid on inventory to 75% of tax paid.

Applicable to all tax returns and refund claims filed on or after July 1, 2016, but does not apply to amended returns provided that the credits were properly claimed on an original return filed before July 1, 2016.

Effective upon the signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6006(B))