

Regular Session, 2011

SENATE BILL NO. 234

BY SENATOR WILLARD-LEWIS

TAX/TAXATION. Provides a credit against state income tax for sales taxes paid by contractors of state public works projects purchasing materials for the public work in-state. (8/15/11)

1 AN ACT

2 To enact R.S. 47:6038, relative to tax credits; to provide for an income and corporation
3 franchise tax credit for sales taxes paid by a contractor for material and supplies
4 purchased in Louisiana to be used on a public work, and to provide for related
5 matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:6038 is hereby enacted to read as follows:

8 **§6038. Credit for sales taxes paid by contractors for material and supplies**
9 **purchased in Louisiana to be used on public works**

10 **A. There shall be allowed a credit against Louisiana income and**
11 **corporation franchise taxes for the state and local sales taxes paid by a**
12 **contractor for material and supplies purchased in Louisiana to be used in a**
13 **public work. The credit shall be an amount equal to the total amount of the**
14 **state sales tax and local sales tax paid by the contractor in the purchase of the**
15 **material and supplies from Louisiana suppliers and used in the construction of**
16 **a public work.**

17 **B. This credit shall be taken as a credit against the applicable tax or**

1 taxes in the taxable period in which the state and local taxes are paid. The total
2 of all credits taken in a taxable year shall not exceed the total tax liability for
3 that taxable year.

4 C. For purposes of this Section, the following terms shall have the
5 following meanings:

6 (1) "Contractor" means any person or other legal entity who enters into
7 a public contract.

8 (2) "Public contract" or "contract" means any contract awarded by any
9 public entity for the making of any public work or for the purchase of any
10 material or supplies used in the making of a public work.

11 (3) "Public entity" means the state or any agency, board, commission,
12 department, or public corporation of the state.

13 (4) "Public work" means the erection, construction, alteration,
14 improvement, or repair of any public facility or immovable property owned,
15 used, or leased by a public entity.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Thomas F. Wade.

DIGEST

Proposed law provides for a credit against Louisiana income and corporation franchise taxes for the state and local sales taxes paid by a contractor for material and supplies purchased in Louisiana to be used in a public work. The credit shall be an amount equal to the total amount of the state sales tax and local sales tax paid by the contractor in the purchase of the material and supplies from Louisiana suppliers and used in the construction of a public work. Provides that the credit shall be an amount equal to the total amount of the state sales tax and local sales tax paid by the contractor in the purchase of the material and supplies from Louisiana suppliers and used in the construction of a public work. Further provides that the credit shall be taken in the taxable period in which the state and local taxes are paid, and that the total of all credits taken shall not exceed the total tax liability for that taxable year.

Effective August 15, 2011.

(Adds R.S. 47:6038)