

2016 Second Extraordinary Session

SENATE BILL NO. 6

BY SENATOR MORRELL

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)

1 AN ACT

2 To amend and reenact R.S. 47:6006(B), relative to refundable tax credits; to limit the
3 refundability of the tax credit for ad valorem taxes paid on certain inventory; to
4 provide for an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:6006(B) is hereby amended and reenacted to read as follows:

7 §6006. Tax credits for local inventory taxes paid

8 * * *

9 B. Credit for taxes paid by corporations shall be applied to state corporate
10 income and corporation franchise taxes. Credit for taxes paid by unincorporated
11 persons shall be applied to state personal income taxes. The secretary shall make a
12 refund to the taxpayer in the amount to which he is entitled from the current
13 collections of the taxes collected pursuant to Chapter 1 and Chapter 5 of Subtitle II.
14 If the amount of the credit authorized pursuant to Subsection A of this Section
15 exceeds the amount of tax liability for the tax year, the following amounts of the
16 excess credit shall either be refundable or may be carried forward as a credit against
17 subsequent Louisiana income or corporation franchise tax liability for a period not

1 to exceed five years, as follows:

2 (1) ~~Eligible taxpayers~~ **Taxpayers** whose ad valorem taxes **eligible for the**
3 **credit authorized pursuant to this Section** paid to all political subdivisions in the
4 taxable year was less than ten thousand dollars shall be refunded all of the excess
5 credit.

6 (2) ~~Eligible taxpayers~~ **Taxpayers** whose ad valorem taxes **eligible for the**
7 **credit authorized pursuant to this Section** paid to all political subdivisions in the
8 taxable year was ten thousand dollars or more, **but less than five hundred thousand**
9 **dollars**, shall be refunded seventy-five percent of the excess credit, and the
10 remaining twenty-five percent of the credit may be carried forward as a credit against
11 subsequent tax liability for a period not to exceed five years.

12 (3) **Taxpayers whose ad valorem taxes eligible for the credit authorized**
13 **pursuant to this Section paid to all political subdivisions in the taxable year was**
14 **five hundred thousand dollars or more shall be refunded seventy-five percent**
15 **of the first five hundred thousand dollars of the excess credit, and the remaining**
16 **amount of the credit shall be carried forward as a credit against subsequent tax**
17 **liability for a period not to exceed five years.**

18 * * *

19 Section 2. The provisions of this Act shall apply to all claims for this credit on any
20 return or claim for refund files on or after July 1, 2016, regardless of the tax year to which
21 the return or claim for refund relates.

22 Section 3. This Act shall become effective upon signature by the governor or, if not
23 signed by the governor, upon expiration of the time for bills to become law without signature
24 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
25 vetoed by the governor and subsequently approved by the legislature, this Act shall become
26 effective on the day following such approval.

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

DIGEST

SB 6 Original

2016 Second Extraordinary Session

Morrell

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 present law.

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 retains present law for those taxpayers whose total payments of ad valorem tax eligible for the credit is less than \$500,000.

Proposed law provides that for those taxpayers whose total payments of ad valorem tax eligible for the credit is \$500,000 or more, that any tax credit that exceeds the tax liability by more than \$500,000 may not be refunded and shall only be used as a nonrefundable tax credit with a five-year carry forward.

Applicable to all tax returns and refund claims filed on or after July 1, 2016.

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

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