

## HOUSE SUMMARY OF SENATE AMENDMENTS

HB 425

2017 Regular Session

Magee

TAX CREDITS: Removes the restriction against taxes paid under protest concerning claims for the ad valorem tax credit for certain offshore vessels

### Synopsis of Senate Amendments

1. Add a requirement that the taxpayer notify the Dept. of Revenue of the finality of the judgment in the suit related to payments under protest.
2. Add an exception to the application of underpayment of interest if the taxpayer repays the credit within 30 days of the final judgment.
3. Prohibit a taxpayer from claiming the credit if the protest relates to a challenge to the tax based on the La. constitution.

### Digest of Bill as Finally Passed by Senate

Present law authorizes an income and corporation franchise tax credit for ad valorem taxes paid without protest on vessels in Outer Continental Shelf Lands Act Waters which have been certified by the taxpayer to the assessor as being principally located in such areas within the calendar year immediately preceding the taxable year of assessment of the vessel.

Proposed law changes present law by removing the restriction on eligibility for the credit for taxes which have been paid under protest.

Proposed law adds requirements concerning taxpayer notification to the Dept. of Revenue that they have paid ad valorem taxes under protest, which include the submission of copies of the payment under protest notice and the lawsuit that was filed. Requires the notice to the department be made within five business days of the filing of the lawsuit. If the taxpayer prevails in the suit against the political subdivision, the amount of the credit issued under proposed law for ad valorem taxes paid by the taxpayer that are determined by the court to not be due to the political subdivision shall be subject to recapture by the department as provided in present law.

Proposed law requires the taxpayer to notify the Dept. of Revenue when the judgment is final and provides that the department has two years to recapture the credit after receiving notice of a final judgment.

Present law provides for judicial interest plus three percent to be applied to tax underpayments and recapture of tax credits.

Proposed law retains present law and provides that a taxpayer who prevails in the suit against the political subdivision who is required to repay the tax credit previously granted may avoid the payment of interest if the taxpayer repays the Dept. of Revenue within 30 days of the final judgment.

Present law requires that beginning Jan. 1, 2016, the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs shall review the tax credit for purposes of determine if the economic benefit of the credit outweighs the cost to the state. The committees are required to make a recommendation to the House of Representatives and the Senate by March 1, 2017, regarding whether to retain or terminate the credit.

Proposed law removes this expired reporting provision.

Proposed law provides that the taxpayer may not claim the credit if the protest relates to a

challenge to the tax based on the La. constitution.

Applicable to corporation income tax periods beginning on and after Jan. 1, 2017, and corporation franchise tax periods beginning on and after Jan. 1, 2018.

Effective July 1, 2017.

(Amends R.S. 47:6006.1(A), (D)(2), (F), and (G))