The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Senate Legislative Services. The keyword, summary, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

DIGEST

SB 65 Original 2025 Regular Session Foil

Present law provides an income tax credit for local ad valorem taxes on inventory paid by manufacturers and retailers.

Proposed law retains present law.

Present law prohibits the credit from being claimed to offset corporation income and franchise taxes for taxpayers taxed as C-corporations for taxable periods beginning on or after July 1, 2026; however, taxpayers using the credit to offset corporation income tax may carry forward any remaining credits for an additional five years from the date that the credits would have expired.

Proposed law clarifies that the prohibition is applicable to a C-corporation or an estate or trust subject to the tax levied pursuant to present law.

Proposed law authorizes a taxpayer taxed as a S corporation for federal income tax purposes shall earn the credit but only for amounts for which an election to flow-through the credit to shareholders is made pursuant to present law.

Present law authorizes the credit for taxes paid by unincorporated persons and pass-through entities to be applied to state individual income taxes.

Proposed law authorizes credits for taxes paid by corporations to be applied to state corporation income taxes, unless an election to flow-through the credit pursuant to present law has been made for the taxable period. Further provides that when the election to flow-through credits has been made, the credits shall be claimed by the shareholders of the S corporation to the extent allowable under present law.

Present law requires the credit to be claimed against state individual income tax.

Proposed law changes the reference to state personal income tax.

Applicable to taxable periods beginning on or after January 1, 2025.

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

(Amends R.S. 47:6006(A), (B)(1)(intro para), (2) and (4))