

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~~ **or equal to five hundred thousand** dollars  
 5 shall be refunded all of the excess 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~~ **than five hundred thousand dollars,**  
 9 **but less than or equal to one million dollars,** shall be refunded seventy-five percent  
 10 of the excess credit, and the remaining twenty-five percent of the credit may be  
 11 carried forward as a credit against subsequent tax liability for a period not to exceed  
 12 five years.

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

20 \* \* \*

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

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

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The original instrument was prepared by Leonore F. Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by James Benton.

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## DIGEST

SB 6 Engrossed

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 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 or more, then the taxpayer is to be refunded 100% of the first \$500,000 of excess credit and 75% of the next \$500,000 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.

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))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Changes total payments of ad valorem taxes necessary for full refundability of ad valorem taxes paid.
2. Changes total payments of ad valorem taxes necessary for 75% refundability of ad valorem taxes paid.
3. Provides for a refund of the first \$500,000 and 75% of the next \$500,000 for tax payers who pay more than \$1,000,000 in ad valorem taxes and provides a carry forward of any excess for not more than five years.