

GREEN SHEET REDIGEST

HB 313

2017 Regular Session

Stokes

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

**TAX CREDITS: Authorizes eligibility for the inventory tax credit for certain property held by persons engaged in the short term rental of such items.**

DIGEST

Present law provides for an income or corporation franchise tax credit, the amount of which, shall be equal to the amount of ad valorem taxes paid by the taxpayer to political subdivisions on inventory held by manufacturers, distributors, and retailers.

Present law provides for a graduated scale of the amount of the tax credit refunded to the taxpayer or carried forward and applied against subsequent tax liability for not longer than five years based on the amount of the ad valorem taxes paid to political subdivisions as follows:

**For businesses registered to do business in this state prior to April 15, 2016**

- (1) Taxpayers whose ad valorem taxes paid to all political subdivisions was less than or equal to \$500,000 shall be refunded all of the excess credit.
- (2) Taxpayers whose ad valorem taxes paid to all political subdivisions was more than \$500,000, but less than or equal to \$1 million, shall be refunded 75% of the excess credit, and the remaining 25% shall be carried forward as a credit against subsequent tax liability for not longer than five years.
- (3) Taxpayers whose ad valorem taxes paid to all political subdivisions was more than \$1 million shall be refunded 75% of the first \$1 million of excess credit, and the remaining amount of the credit shall be carried forward as a credit against subsequent tax liability for not longer than five years.

**For businesses registered to do business in this state after April 15, 2016**

- (1) Taxpayers whose ad valorem taxes paid to all political subdivisions was less than \$10,000 shall be refunded all of the excess credit.
- (2) Taxpayers whose ad valorem taxes paid to all political subdivisions was \$10,000 or more, but no more than \$1 million shall be refunded 75% of the excess credit, and the remaining 25% shall be carried forward as a credit against subsequent tax liability for not longer than five years.

Present law defines "inventory" and "retailer" for purposes of determining eligibility of the tax credit.

Proposed law retains present law but adds to the definition of "inventory", any item of tangible personal property owned by a retailer that is available for or subject to a short-term rental and that will subsequently or ultimately be sold by the retailer. Further defines the term "short-term rental" as a rental of an item of tangible personal property for a period of less than 365 days, for an undefined period, or under an open-ended agreement.

Proposed law retains present law but adds to the definition of "retailer", a person engaged in the short-term rental of tangible personal property classified under code numbers 532412 and 532310 of the North American Industry Classification System (NAICS) published by the U.S. Bureau of Census and who is registered with the Department of Revenue as a retailer as defined in proposed law.

Applicable retroactively to tax periods beginning on and after Jan. 1, 2016.

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

(Amends R.S. 47:6006(C)(2)(b)(ii), (iii), and (iv) and (4); Adds R.S. 47:6006(C)(2)(a)(iv))

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Change references in proposed law from corporeal movable property to tangible personal property.
2. Made technical amendments.

Summary of Amendments Adopted by Senate

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

1. "Retailer" is further defined to be a party who is registered with the Department of Revenue as a retailer.