

RÉSUMÉ DIGEST

ACT 338 (HB 313)

2017 Regular Session

Stokes

Existing 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.

Existing 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 5 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 5 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 5 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 5 years.

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

New law 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.

New law 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 Dept. of Revenue as a retailer.

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

Effective upon signature of governor (June 22, 2017).

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