

2020 Second Extraordinary Session

SENATE BILL NO. 1

BY SENATOR WARD

TAX/AD VALOREM. Extends the carryforward period for the inventory tax credit for certain businesses. (1/1/21) (Items #26 and #65)

1 AN ACT

2 To amend and reenact R.S. 47:6006(B), relative to tax credits and incentives; to provide for  
3 the carryforward of the tax credit for ad valorem taxes paid on inventory; to provide  
4 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.(1) 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 of this Title. If the amount of the credit authorized pursuant to Subsection A of this  
15 Section exceeds the amount of tax liability for the tax year, the following amounts  
16 of the excess credit shall either be refundable or may be carried forward as a credit  
17 against subsequent Louisiana income or corporation franchise tax liability for a

1 period not to exceed ~~five~~ **ten** years, as follows:

2 (a) Taxpayers whose ad valorem taxes eligible for the credit authorized  
3 pursuant to this Section paid to all political subdivisions in the taxable year was less  
4 than or equal to five hundred thousand dollars shall be refunded all of the excess  
5 credit.

6 (b) Taxpayers whose ad valorem taxes eligible for the credit authorized  
7 pursuant to this Section paid to all political subdivisions in the taxable year was more  
8 than five hundred thousand dollars, but less than or equal to one million dollars, shall  
9 be refunded seventy-five percent of the excess credit, and the remaining twenty-five  
10 percent of the excess credit shall be carried forward as a credit against subsequent  
11 tax liability for a period not to exceed ~~five~~ **ten** years.

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

18 (2) Each taxpayer allowed a credit under this Section shall claim the credit  
19 on its separately filed income or corporate franchise tax return; however, for  
20 purposes of the application of the limitations on refundability of excess credit  
21 provided for in Subparagraphs (1)(a) through (c) of this Subsection, all taxpayers  
22 included in one consolidated federal income tax return filed under the Internal  
23 Revenue Code shall be treated as a single taxpayer. ~~The secretary shall promulgate~~  
24 ~~rules to ensure that taxpayers included in one consolidated federal income tax return~~  
25 ~~shall be considered one taxpayer for the purpose of the limitations on refunds~~  
26 ~~provided for in Subparagraphs (1)(a) through (c) of this Subsection.~~

27 (3)(a) Subparagraphs (1)(a) and (b) of this Subsection shall not apply to any  
28 new business entity formed or registered to do business in this state after April 15,  
29 2016.

1 (b) New business entities formed or first registered to do business in this state  
2 after April 15, 2016, whose ad valorem taxes paid to all political subdivisions in the  
3 taxable year was less than ten thousand dollars shall be refunded all of the excess  
4 credit.

5 (c) New business entities formed or first registered to do business in this state  
6 after April 15, 2016, whose ad valorem taxes paid to all political subdivisions in the  
7 taxable year was ten thousand dollars or more, but no more than one million dollars  
8 shall be refunded seventy-five percent of the excess credit, and the remaining  
9 twenty-five percent of the credit shall be carried forward as a credit against  
10 subsequent tax liability for a period not to exceed ~~five~~ ten years.

11 (4) Notwithstanding any provision in this Section to the contrary, for a  
12 manufacturer, as defined in Subparagraph (C)(3)(b) of this Section, if the amount of  
13 the credit authorized pursuant to Subsection A of this Section exceeds the amount  
14 of tax liability for the tax year, the excess credit **shall not be refundable and** may  
15 only be carried forward as a credit against subsequent Louisiana income or  
16 corporation franchise tax liability for a period not to exceed ~~five~~ ten years and shall  
17 not be refundable. ~~The secretary shall promulgate rules to ensure that taxpayers~~  
18 ~~included in one consolidated federal income tax return shall be considered one~~  
19 ~~taxpayer for the purpose of the limitations on refundability provided for in this~~  
20 ~~Paragraph. This rulemaking authority shall be in addition to the rulemaking authority~~  
21 ~~provided for elsewhere in this Title.~~

22 \* \* \*

23 Section 2. The provisions of this Act shall be applicable to credits earned for ad  
24 valorem taxes on inventory paid on or after January 1, 2020.

25 Section 3. This Act shall become effective on January 1, 2021.

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The original instrument was prepared by Leonore Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by Curry J. Lann.

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## DIGEST

SB 1 Engrossed

2020 Second Extraordinary Session

Ward

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

Present law authorizes a full refund of the credit for ad valorem taxes on inventory paid for certain small businesses, a refund of 75% of the taxes paid when ad valorem taxes are \$1 million or less, and a nonrefundable income and franchise tax credit for the remainder of ad valorem taxes paid.

Present law provides that the nonrefundable portion of the tax credit may be carried forward for a maximum of five years.

Proposed law changes the five-year carryforward period and allows taxpayers to carry forward the tax credit for 10 years.

Effective January 1, 2021.

(Amends R.S. 47:6006(B))

Summary of Amendments Adopted by SenateCommittee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Changes the carryforward period to 10 years.
2. Applies the provisions of the Act to ad valorem taxes paid on or after January 1, 2020.
3. Makes technical changes.