
 DIGEST

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SB 62 Engrossed

2020 Second Extraordinary Session

Smith

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

Present law provides that if the amount of the credit exceeds the tax liability, present law authorizes a full refund of the excess credit when the taxpayer's ad valorem taxes in the taxable year were less than or equal to \$500,000, if the business formed or first registered prior to April 16, 2016, or less than \$10,000, if the business formed or first registered after April 15, 2016.

Present law authorizes a partial refund of the excess credit when the taxpayer's ad valorem taxes in the taxable year were more than \$500,000, but less than or equal to \$1 million, if the business formed or first registered prior to April 16, 2016, or more than \$10,000, but less than or equal to \$1 million, if the business formed or first registered after April 15, 2016. Seventy-five percent of the excess credit is refundable to the taxpayer, and the remaining 25% of the excess credit is carried forward against subsequent tax liability for up to five years.

Present law authorizes a partial refund of the excess credit when the taxpayer's ad valorem taxes in the taxable year are more than \$1 million. Seventy-five percent of the first \$1 million of the excess credit is refundable to the taxpayer, and the remaining amount of the excess credit is carried forward against subsequent tax liability for up to five years.

Proposed law changes present law for tax year 2020 *only* by authorizing a full refund of the excess credit amounts for ad valorem taxes paid on inventory in tax year 2020 if the total ad valorem taxes paid by the taxpayer were \$1 million or less and the taxpayer employed a minimum of 100 full-time employees for at least one month within each of the first three quarters of calendar year 2020.

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

(Adds R.S. 47:6006(G))

Summary of Amendments Adopted by Senate

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

1. Requires taxpayers to employ a minimum of 100 full-time employees to receive a full refund of the tax credit.
2. Makes technical changes.

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the engrossed bill:

1. Specify that the taxpayer must employ a minimum of 100 full-time employees for at least one month within each of the first three quarters of calendar year 2020 in order to qualify for the provisions of proposed law.