ACT 59 (SB 62)   **2020 Second Extraordinary Session**   **Smith**

<u>Prior law</u> provided an income and franchise tax credit for local ad valorem taxes on inventory paid by manufacturers and retailers.

<u>Prior law</u> provided that if the amount of the credit exceeds the tax liability, <u>prior law</u> authorized 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.

<u>Prior law</u> authorized 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.

<u>Prior law</u> authorized 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.

<u>New law</u> changes <u>prior law</u> 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 at each location in the state for at least one month within each of the first three quarters of calendar year 2020.

Effective upon signature of the governor (November 5, 2020).

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