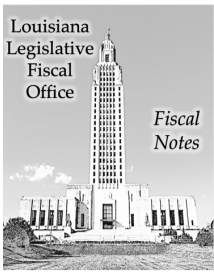


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 169** SLS 25RS 383

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 14, 2025	10:03 AM	Author: ALLAIN
Dept./Agy.: Department of Revenue		Analyst: Deborah Vivien
Subject: Inventory Tax Credit: Farmers & Fruitgrowers		

TAX/TAXATION OR DECREASE GF RV See Note
Provides relative to the tax credits for local inventory taxes paid. (gov sig)

Page 1 of 1

Current law authorizes a state income tax credit for 100% of local ad valorem taxes paid on inventory (including natural gas storage) up to \$750,000 annually with partial refundability for those filing against personal income tax (PIT). The inventory tax credit is not refundable for C-Corps but can be carried forward if not expired before 1/1/25 for an additional 5 years (base is 10 years). Effective July 1, 2026, current law prohibits credits to be earned against corporate income tax (CIT) for C-Corps, but the credit remains in place if taken against personal income tax (PIT). All credits claimed by partnerships, LLCs and S-Corps are charged against PIT collections.

Proposed law removes farmers, fruitgrowers and farm cooperatives from the July 1, 2026 repeal of inventory tax credits for C-Corps.

Effective with tax year 2025.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

LDR may incur expenses or \$25,200 related to administrative requirements. LFO believes that the department can absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive.

REVENUE EXPLANATION

The bill allows farmers, fruitgrowers and farm cooperatives to continue to qualify for the inventory tax credit after July 1, 2026. LDR reports 18 cooperative filers claiming about \$2 M in inventory credits annually, though it is not clear how many of those cooperatives are farm related. Data for farmers or fruitgrowers filing as C-Corps is also not available. As with all entity filers, the \$500,000 refundability cap and the \$750,000 credit cap apply at cooperative level, not to each individual member. To the extent that farm cooperatives and any individual growers file as C-Corps and claim inventory tax credits, SGF revenue will decrease as the credits will now be issued under the bill.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger

Alan M. Boxberger
Legislative Fiscal Officer