

2015 Regular Session

HOUSE BILL NO. 805

BY REPRESENTATIVE ADAMS

TAX CREDITS: Provides for the carry forward rather than the refund of a certain portion of the tax credits for ad valorem taxes paid to local governments

1 AN ACT

2 To amend and reenact R.S. 47:6006(A) and (B) and 6006.1(C) and (D), relative to income

3 and corporation franchise tax credits; to provide with respect to the tax credit for ad

4 valorem taxes paid on inventory and certain natural gas; to provide with respect to

5 the tax credit for ad valorem taxes paid on certain offshore vessels; to provide with

6 respect to authorization for issuance of refunds for tax credits which exceed taxpayer

7 tax liability; to provide for certain limitations; to provide for effectiveness; and to

8 provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:6006(A) and (B) and 6006.1(C) and (D) are hereby amended and
11 reenacted to read as follows:

12 §6006. Tax credits for local inventory taxes paid

13 A.(1) There shall be allowed a credit against any Louisiana income or
14 corporation franchise tax for ad valorem taxes paid to political subdivisions on
15 inventory held by manufacturers, distributors, and retailers ~~and~~.

16 (2) There shall be allowed a credit against any Louisiana income or
17 corporation franchise tax for ad valorem taxes paid to political subdivisions on
18 natural gas held, used, or consumed in providing natural gas storage services or
19 operating natural gas storage facilities.

1 B. Credit for taxes paid by corporations shall be applied to state corporate
2 income and corporation franchise taxes. Credit for taxes paid by unincorporated
3 persons shall be applied to state personal income taxes. ~~The taxpayer shall be~~
4 ~~entitled to a refund for any allowable credit which exceeds the aggregate tax liability~~
5 ~~of the taxpayer for the taxes imposed by Chapter 1 and Chapter 5 of Subtitle II of~~
6 ~~this Title. The secretary shall make such refund to the taxpayer in the amount to~~
7 ~~which he is entitled from the current collections of the taxes collected pursuant to~~
8 ~~Chapter 1 and Chapter 5 of such Subtitle II. If the amount of the credit authorized~~
9 ~~pursuant to Subsection A of this Section exceeds the amount of tax liability for the~~
10 ~~tax year, seventy-five percent of the excess credit shall be refundable and twenty-five~~
11 ~~percent of the excess credit may be carried forward as a credit against subsequent~~
12 ~~Louisiana income or corporation franchise tax liability for a period not to exceed five~~
13 ~~years.~~

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15 §6006.1. Tax credits for taxes paid with respect to vessels in Outer Continental
16 Shelf Lands Act Waters

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18 C. ~~Notwithstanding any other provision of law to the contrary in Title 47 of~~
19 ~~the Louisiana Revised Statutes of 1950, as amended, any excess of allowable credit~~
20 ~~established by this Section over the aggregate tax liabilities against which such credit~~
21 ~~can be applied, as provided in this Section, shall constitute an overpayment, as~~
22 ~~defined in R.S. 47:1621(A), and the secretary shall make a refund of such~~
23 ~~overpayment from the current collections of the taxes imposed by Chapter 1 or~~
24 ~~Chapter 5 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as~~
25 ~~amended, together with interest as provided in R.S. 47:1624. The right to a credit~~
26 ~~or refund of any such overpayment shall not be subject to the requirements of R.S.~~
27 ~~47:1621(B). If the amount of the credit exceeds the amount of tax liability for the~~
28 ~~tax year, seventy-five percent of the excess credit shall be refundable and twenty-five~~
29 ~~percent of the excess credit may be carried forward as a credit against subsequent~~

natural gas storage facilities. The amount of the credit shall be equal to 100% of the taxes paid to political subdivisions.

Present law provides that the taxpayer is entitled to a refund for any allowable credit which exceeds the aggregate tax liability of the taxpayer. Further requires the Dept. of Revenue to refund the excess tax credit amount to the taxpayer from current tax collections.

Proposed law changes the tax credit from a refundable credit to one in which 75% of excess credit amounts which exceed taxpayer liability shall be refundable and 25% of the excess credit amounts may be carried forward against subsequent income or corporation franchise tax liability for up to five years.

Present law provides for a La. income or corporation franchise tax credit for ad valorem taxes paid without protest to political subdivisions on vessels in Outer Continental Shelf Lands Act Waters as certified to the assessor pursuant to present law within the calendar year immediately preceding the taxable year of assessment of the vessel. The amount of the credit shall be equal to 100% of the ad valorem taxes paid to political subdivisions.

Present law provides that the taxpayer is entitled to a refund for any allowable credit which exceeds the aggregate tax liability of the taxpayer. Further requires the Dept. of Revenue to refund the excess tax credit amount to the taxpayer from current tax collections and to pay or disallow claims for credits, refunds, and interest within 90 days of receiving a tax credit or refund claim.

Proposed law changes the tax credit from a refundable credit to one in which 75% of excess credit amounts which exceed taxpayer liability shall be refundable and 25% of the excess credit amounts may be carried forward against subsequent income or corporation franchise tax liability for up to five years. Proposed law removes references to refunds and interest from the requirement that the secretary pay tax credit amounts within one year of receipt of the tax credit claim.

Applicable to all claims for these tax credits on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates.

(Amends R.S. 47:6006(A) and (B) and 6006.1(C) and (D))

Summary of Amendments Adopted by House

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

1. Delete the income or corporation franchise tax credit for ad valorem taxes paid by a telephone company for public service property owned by the telephone company which is assessed by the La. Tax Commission at 25% of fair market value from the provisions of proposed law.
2. Change the tax credits from 100% nonrefundable to credits in which 75% of excess credit amounts which exceed taxpayer liability shall be refundable and 25% of the excess credit amounts may be carried forward against subsequent income or corporation franchise tax liability for up to five years.
3. Add applicability provision for all claims for these tax credits on returns filed on or after July 1, 2015, regardless of the taxable year to which the return relates.