

2016 First Extraordinary Session

HOUSE BILL NO. 47

BY REPRESENTATIVE JAMES

TAX CREDITS: Reduces the amount of certain ad valorem tax credits and provides for the carryforward rather than the refund of a certain portion of excess credit amounts (Item #31)

1 AN ACT

2 To amend and reenact R.S. 47:6006(A), (B), and (D), relative to income and corporation  
3 franchise tax credits; to provide with respect to tax credits for ad valorem taxes paid  
4 to political subdivisions on certain property; to reduce the amount of the tax credits;  
5 to provide with respect to the issuance of refunds for tax credits which exceed  
6 taxpayer liability; to provide for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6006(A), (B), and (D) are hereby amended and reenacted to read  
9 as follows:

10 §6006. Tax credits for local inventory taxes paid

11 A.(1) There shall be allowed a credit against any Louisiana income or  
12 corporation franchise tax for ad valorem taxes paid to political subdivisions on  
13 inventory held by manufacturers, distributors, and retailers. The amount of the credit  
14 is provided for in Subsection D of this Section.

15 (2) There shall be allowed a credit against any Louisiana income or  
16 corporation franchise tax for ad valorem taxes paid to political subdivisions on  
17 natural gas held, used, or consumed in providing natural gas storage services or  
18 operating natural gas storage facilities. The amount of the credit is provided for in  
19 Subsection D of this Section.

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 secretary shall make  
4 a refund to the taxpayer in the amount to which he is entitled from the current  
5 collections of the taxes collected pursuant to Chapter 1 and Chapter 5 of Subtitle H.~~  
6 ~~If the amount of the credit authorized pursuant to Subsection A of this Section  
7 exceeds the amount of tax liability for the tax year, the following amounts of the  
8 excess credit shall either be refundable or may be carried forward as a credit against  
9 subsequent Louisiana income or corporation franchise tax liability for a period not  
10 to exceed five years, as follows:~~

11                 ~~(1) Eligible taxpayers whose ad valorem taxes paid to all political  
12 subdivisions in the taxable year was less than ten thousand dollars shall be refunded  
13 all of the excess credit.~~

14                 ~~(2) Eligible taxpayers whose ad valorem taxes paid to all political  
15 subdivisions in the taxable year was ten thousand dollars or more shall be refunded  
16 seventy-five percent of the excess credit, and the remaining twenty-five percent of  
17 the credit may be carried forward as a credit against subsequent tax liability for a  
18 period not to exceed five years.~~

19   \*       \*       \*

20           D. The amount of the credit provided in this Section shall be allowed as  
21 follows:

22                 ~~(1) For inventory taxes paid to political subdivisions on or after July 1,  
23 1992, and before June 30, 1993, the credit shall be twenty percent of such taxes paid.~~

24                 ~~(2) For inventory taxes paid to political subdivisions on or after July 1, 1993,  
25 and before June 30, 1994, the credit shall be forty percent of such taxes paid.~~

26                 ~~(3) For inventory taxes paid to political subdivisions on or after July 1, 1994,  
27 and before June 30, 1995, the credit shall be sixty percent of such taxes paid.~~

28                 ~~(4) For inventory taxes paid to political subdivisions on or after July 1, 1995,  
29 and before June 30, 1996, the credit shall be eighty percent of such taxes paid.~~

1           ~~(5) For inventory taxes paid to political subdivisions on or after July 1, 1996,~~  
2 ~~the credit shall be one hundred percent of such taxes paid.~~

3           (1) For inventory taxes paid on and after January 1, 2016, the amount of the  
4 credit authorized pursuant to the provisions of this Section shall be equal to eighty  
5 percent of the inventory taxes paid to political subdivisions.

6           (a) If the amount of the taxes paid to all political subdivisions is less than ten  
7 thousand dollars in any one year and the amount of the credit authorized pursuant to  
8 the provisions of this Section exceeds the tax liability of the taxpayer for that year,  
9 the secretary of the Department of Revenue shall refund the excess amount of the  
10 credit to the taxpayer.

11           (b) If the amount of the taxes paid to all political subdivisions is ten thousand  
12 dollars or more in any one year and the amount of the credit authorized pursuant to  
13 the provisions of this Section exceeds the tax liability of the taxpayer for that year,  
14 seventy-five percent of the excess credit amount shall be refunded to the taxpayer  
15 and the remaining twenty-five percent of the excess credit amount may be carried  
16 forward as a credit against subsequent Louisiana income or corporation franchise tax  
17 liability for a period not to exceed five years.

18           (2) No credit authorized pursuant to the provisions of this Section shall be  
19 allowed on any return filed before July 1, 2016.

20           (3) The secretary shall make a refund to the taxpayer in the amount to which  
21 he is entitled from the current collections of the taxes collected pursuant to Chapter  
22 1 and Chapter 5 of Subtitle II of this Title.

23   \*           \*           \*

24           Section 2. This Act shall become effective upon signature by the governor or, if not  
25 signed by the governor, upon expiration of the time for bills to become law without signature  
26 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
27 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
28 effective on the day following such approval.

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**DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 47 Engrossed

2016 First Extraordinary Session

James

**Abstract:** Beginning Jan. 1, 2016, reduces the amount of the credit for ad valorem taxes paid from 100% to 80% of ad valorem taxes paid.

Present law provides for income or corporation franchise tax credits for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers and for ad valorem taxes paid to political subdivisions on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities.

Present law provides that if a taxpayer pays less than \$10,000 in ad valorem taxes to all political subdivisions, then any amount of the tax credit that exceeds the taxpayer's tax liability is 100% refundable to the taxpayer. Further provides that if a taxpayer pays \$10,000 or more in ad valorem taxes to all political subdivisions, then 75% of the amount of the credit that exceeds the taxpayer's tax liability is refundable to the taxpayer and the remaining 25% of the credit may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

Proposed law changes present law for inventory taxes paid to all political subdivisions beginning Jan. 1, 2016, by reducing the amount of the credit from 100% of the inventory taxes paid to 80% but maintains the refundability of the excess amount of tax credit for taxpayers whose tax liability is less than the amount of the credit.

Proposed law prohibits the allowance of any credit provided for in present law on a return filed before July 1, 2016.

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

(Amends R.S. 47:6006(A), (B), 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 provisions relative to ad valorem taxes paid to political subdivisions on vessels in Outer Continental Shelf Lands Act Waters and ad valorem taxes paid to political subdivisions by a telephone company on the company's public service properties.
2. Delete provisions that disallowed refundability in favor of carrying forward the excess amount of credit for taxpayers whose tax liability is less than the amount of the credit for inventory taxes paid prior to Jan. 1, 2016.
3. Prohibit the allowance of any credit provided for in present law on a return filed before July 1, 2016.