SLS 161ES-40

2016 First Extraordinary Session

SENATE BILL NO. 6

BY SENATOR MORRELL

TAX/AD VALOREM. Provides for the reduction of 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. (gov sig)

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
14	credit 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

Page 1 of 5 Coding: Words which are struck through are deletions from existing law; words in **boldface type and underscored** are additions.

1	operating natural gas storage facilities. The amount of the credit is provided for
2	in Subsection D of this Section.
3	B. Credit for taxes paid by corporations shall be applied to state corporate
4	income and corporation franchise taxes. Credit for taxes paid by unincorporated
5	persons shall be applied to state personal income taxes. The secretary shall make a
6	refund to the taxpayer in the amount to which he is entitled from the current
7	collections of the taxes collected pursuant to Chapter 1 and Chapter 5 of Subtitle II.
8	If the amount of the credit authorized pursuant to Subsection A of this Section
9	exceeds the amount of tax liability for the tax year, the following amounts of the
10	excess credit shall either be refundable or may be carried forward as a credit against
11	subsequent Louisiana income or corporation franchise tax liability for a period not
12	to exceed five years, as follows:
13	(1) Eligible taxpayers whose ad valorem taxes paid to all political
14	subdivisions in the taxable year was less than ten thousand dollars shall be refunded
15	all of the excess credit.
16	(2) Eligible taxpayers whose ad valorem taxes paid to all political
17	subdivisions in the taxable year was ten thousand dollars or more shall be refunded
18	seventy-five percent of the excess credit, and the remaining twenty-five percent of
19	the credit may be carried forward as a credit against subsequent tax liability for a
20	period not to exceed five years.
21	* * *
22	D. The amount of the credit provided in this Section shall be allowed as
23	follows:
24	(1) For inventory taxes paid to political subdivisions on or after July 1, 1992,
25	and before June 30, 1993, the credit shall be twenty percent of such taxes paid. For
26	inventory taxes paid prior to January 1, 2016, the amount of the credit shall be
27	one hundred percent of the taxes paid; however, no amount of the tax credit
28	provided for in this Section which exceeds the tax liability of the taxpayer shall
29	be refundable. One-fourth of the excess credit amount may be carried forward

1 as a credit against subsequent Louisiana income or corporation franchise tax 2 liability in each of the next four taxable years. (2) For inventory taxes paid to political subdivisions on or after July 1, 1993, 3 and before June 30, 1994, the credit shall be forty percent of such taxes paid. For 4 inventory taxes paid on and after January 1, 2016, the amount of the credit 5 authorized pursuant to this Section shall be equal to eighty percent of the 6 7 inventory taxes paid to political subdivisions. 8 (a) If the amount of the taxes paid to all political subdivisions is less than 9 ten thousand dollars in any one year and the amount of the credit authorized 10 pursuant to this Section exceeds the tax liability of the taxpayer for that year, 11 the excess credit amount shall constitute an overpayment, as defined in R.S. 12 47:1621(A), and the secretary of the Department of Revenue shall make a 13 refund of such overpayment to the taxpayer from the current collections of the taxes collected pursuant to Chapter 1 and Chapter 5 of Subtitle II of this Title. 14 (b) If the amount of the taxes paid to all political subdivisions is ten 15 16 thousand dollars or more in any one year and the amount of the credit authorized pursuant to this Section exceeds the tax liability of the taxpayer for 17 that year, seventy-five percent of the excess credit amount shall constitute an 18 19 overpayment, as defined in R.S. 47:1621(A), and the secretary of the 20 Department of Revenue shall make a refund of such overpayment to the 21 taxpayer from the current collections of the taxes collected pursuant to Chapter 1 and Chapter 5 of Subtitle II of this Title and the remaining twenty-five 22 percent of the excess credit amount may be carried forward as a credit against 23 24 subsequent Louisiana income or corporation franchise tax liability for a period not to exceed five years. 25 (3) For inventory taxes paid to political subdivisions on or after July 1, 1994, 26 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.

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

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SB 6 Engrossed

2016 First Extraordinary Session

Morrell

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

<u>Proposed law</u> retains the credit for ad valorem taxes on inventory paid before January 1, 2016, however, the credit will no longer be refundable and will be divided into four equal nonrefundable parts to be utilized to offset tax in each of the next four tax years.

<u>Present law</u> authorizes an income and corporation franchise tax credit of 100% of the taxes paid to political subdivisions.

<u>Proposed law</u> changes the amount of the credit to 80% of the ad valorem taxes on inventory paid to political subdivisions.

<u>Present law</u> authorizes the refundability of credits in excess of the income and franchise tax liability for taxpayers whose tax liability for ad valorem taxes paid to political subdivisions is \$10,000 or less. For taxpayers that paid more than \$10,000 in inventory tax, 75% of the credit that exceeds the income and franchise tax liability is refundable and the remaining 25% of the excess credit may be carried forward against subsequent income or corporation franchise tax liability for up to five years.

Proposed law retains present law.

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

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

Summary of Amendments Adopted by Senate

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

- 1. Removes changes to the tax credit for ad valorem taxes paid to political subdivisions on vessels in Outer Continental Shelf Lands Act Waters.
- 2. Removes changes to the tax credit for ad valorem taxes paid to political subdivisions by telephone companies with respect to their public service properties.