

2016 First Extraordinary Session

SENATE BILL NO. 15

BY SENATOR MORRELL

TAX/TAXATION. Provides relative to the application of refundable tax credits. (Item #26)(gov sig)

1 AN ACT

2 To amend and reenact R.S. 47:1675(B), relative to refundable tax credits; to provide for the
3 ordering of tax credits and payments; to provide for an effective date; and to provide
4 for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:1675(B) is hereby amended and reenacted to read as follows:

7 §1675. General administrative provisions for credits against income and corporation
8 franchise tax

9 * * *

10 B. Priority of credits. ~~Unless otherwise provided in the statute granting the~~
11 ~~credit, the~~ **The** department ~~will~~ **shall** apply credits against income and corporation
12 franchise tax. **The provisions of this Subsection shall supersede and control to**
13 **the extent of conflict with any other provision of law. Credits and payments**
14 **shall be applied** in the following order:

- 15 (1) Current year nonrefundable credits with no carry forward.
16 (2) **Refundable tax credits. Refundable credits that are allowable against**
17 **both income and corporation franchise tax shall be applied first against income**

1 **tax. Any credit in excess of the income tax liability shall then be applied against**
2 **corporation franchise tax.**

3 (3) Any carry forward amount from a tax credit earned, granted, or received
4 in a prior year, in the order of the length of the carry forward period remaining,
5 beginning with the shortest carry forward period.

6 (3)(4) Current year nonrefundable credits with a carry forward, in the order
7 of the length of the carry forward period, beginning with the credit with the shortest
8 carry forward period.

9 (4)(5) Tax credits that are transferable, but that are not refundable that the
10 taxpayer elects to apply against the tax.

11 (5) Refundable tax credits.

12 (6) Estimated payments, the credit for withholding, and other payments of
13 tax.

14 * * *

15 Section 2. The provisions of this Act shall apply to all taxable periods beginning on
16 or after January 1, 2016.

17 Section 3. This Act shall become effective upon signature by the governor or, if not
18 signed by the governor, upon expiration of the time for bills to become law without signature
19 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
20 vetoed by the governor and subsequently approved by the legislature, this Act shall become
21 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 15 Engrossed 2016 First Extraordinary Session Morrell

Present law provides for the ordering of nonrefundable tax credits, refundable tax credits,
and payments.

Proposed law retains present law.

Present law provides that refundable credits shall be applied after all nonrefundable credits.

Proposed law changes the ordering of the application of tax credits and requires that
refundable credits be applied before all other credits and payments of tax except for

nonrefundable credits with no carry forward which will be applied first.

Proposed law requires that refundable credits that can be applied against both income and corporate franchise tax, be applied to income tax first.

Applicable to taxable periods beginning on or after January 1, 2016.

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

(Amends R.S. 47:1675(B))

Summary of Amendments Adopted by Senate

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

1. Requires the Department of Revenue to apply nonrefundable credits with no carry forward before refundable credits.
2. Requires that refundable credits that can be applied against both income and corporate franchise tax, be applied to income tax first.