

CONFERENCE COMMITTEE REPORT

SB 10

2016 Second Extraordinary Session

Ward

June 23, 2016

To the Honorable President and Members of the Senate and to the Honorable Speaker and Members of the House of Representatives.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning Senate Bill No. 10 by Senator Ward, recommend the following concerning the Engrossed bill:

1. That House Committee Amendment Nos. 2 and 5, proposed by the House Committee on Ways and Means and adopted by the House of Representatives on June 20, 2016, be adopted.
2. That House Committee Amendment Nos. 1, 3, 4, 6, 7, 8, and 9, proposed by the House Committee on Ways and Means and adopted by the House of Representatives on June 20, 2016, be rejected.
3. That the following amendments to the engrossed bill be adopted:

AMENDMENT NO. 1

On page 1, line 2, after "enact" delete the remainder of the line and insert "R.S. 47:6006(B)(3),"

AMENDMENT NO. 2

On page 2, line 4, after "Section 2." delete the remainder of the line and delete line 5 in its entirety and insert the following:

"R.S. 47:6006(C)(3) is hereby amended and reenacted and R.S. 47:6006(B)(3) is hereby enacted to read as follows:"

AMENDMENT NO. 3

On page 2, between lines 7 and 8, insert the following:

"B. * * *

(3) Notwithstanding any provision in this Section to the contrary, for a manufacturer, as defined in Subparagraph (b) of Paragraph (3) of Subsection C of this Section, and for all related parties, affiliates, subsidiaries, parent companies, or owners of such manufacturer for the inventory held that is related to the business of such manufacturer, if the amount of the credit authorized pursuant to Subsection A of this Section exceeds the amount of tax liability for the tax year, the excess credit may only be carried forward as a credit against subsequent Louisiana income or corporation franchise tax liability for a period not to exceed five years and shall not be refundable. The secretary shall promulgate rules to ensure that taxpayers affiliated with or related to any other entity through common ownership by the same interests or as a parent or subsidiary shall be considered one taxpayer for the purpose of the limitations on refundability provided for in this Paragraph. This rulemaking authority shall be in addition to the rulemaking authority provided for elsewhere in this Title.

AMENDMENT NO. 4

On page 2, line 22, after "**(b)**" and before "**who**" delete "**Manufacturer**" **shall not mean a person**" and insert "**A person who meets the definition of "manufacturer" as provided in Subparagraph (a) of this Paragraph and**"

AMENDMENT NO. 5

On page 2, at the end of line 24, delete the comma "," insert a period "." and delete lines 25 through 28 in their entirety.

AMENDMENT NO. 6

On page 3, delete lines 1 through 12 in their entirety and at the beginning of line 1, insert:

"Section 3.(A) The provisions of Section 2 of this Act shall apply to all claims for these credits, as provided for in this Act, on any return filed on or after July 1, 2016, regardless of the date of the taxable year to which the return relates.

(B) The provisions of Section 2 of this Act shall not apply to an amended return filed on or after July 1, 2016, provided that these credits, as provided for in this Act, were properly claimed on an original return filed prior to July 1, 2016.

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

Respectfully submitted,

Senators:

Representatives:

Senator Rick Ward, III

Representative Taylor F. Barras

Senator John A. Alario, Jr.

Representative Neil C. Abramson

Senator Jean-Paul J. Morrell

Representative Stuart Bishop

The legislative instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Benjamin A. Huxen, II.

CONFERENCE COMMITTEE REPORT DIGEST

SB 10

2016 Second Extraordinary Session

Ward

Keyword and summary of the bill as proposed by the Conference Committee

TAX/AD VALOREM: Provides for the confidentiality of tax records and the definition of manufacturer for purposes of the tax credits for ad valorem taxes paid to local governments. (gov sig) (Item #47)

Report adopts House amendments to:

1. Delete provisions that exclude from the definition of "inventory" items of tangible personal property held at a manufacturing establishment or an addition thereto that was exempt from ad valorem taxation under present constitution for the year in which ad valorem taxes were levied upon such items of tangible personal property.

Report rejects House amendments which would have:

1. Authorized any excess credit amount in present law to carry forward for five years for certain manufacturers.
2. Defined "manufacturer" for purposes of authorizing only a carry forward credit for certain manufacturers.
3. Make the act effective upon signature of governor or lapse of time for gubernatorial action.

Report amends the bill to:

1. Provides that the definition of manufacturer includes a person who meets present law definition of manufacturer and who has claimed the ad valorem exemption under present constitution during the taxable year in which the local inventory taxes were levied and that such manufacturers and all related parties, affiliates, subsidiaries, parent companies, or owners of such manufacturers for the inventory held that is related to the business of such manufacturers may only carry forward for five years any excess credit amount in present law. Further provides that the secretary shall promulgate rules to ensure that taxpayers affiliated with or related to any other entity through common ownership by the same interests or as a parent or subsidiary shall be considered one taxpayer for the purpose of the limitations on refundability.
2. Deletes the provision specifying that manufacturer shall not mean a person who has claimed the ad valorem exemption under Article VII, Section 21(F) of the Constitution of Louisiana during the taxable year in which the local inventory taxes were levied, unless a minimum of twenty-five percent of its total Louisiana inventory subject to ad valorem taxation was not held at a new manufacturing establishment, or an addition to an existing manufacturing establishment, for which the ad valorem exemption is claimed.
3. Provides that proposed law applies to all claims for these credits on any return filed on or after July 1, 2016, regardless of the taxable year to which the return relates. Further provides that proposed law shall not apply to an amended return filed on or after July 1, 2016, provided that these credits were properly claimed on an original

return filed prior to July 1, 2016. Makes the act effective upon signature of governor or lapse of time for gubernatorial action.

Digest of the bill as proposed by the Conference Committee

Present law provides that ad valorem tax forms filed by a taxpayer shall be confidential and shall be used by the assessor, the governing authority, and the Louisiana Tax Commission solely for the purpose of administering the provisions of Acts 1976, No. 705.

Proposed law permits use of ad valorem tax forms by the Department of Revenue for purposes of verifying eligibility for inventory tax credits.

Present law authorizes a partially refundable tax credit for taxpayers who pay \$10,000 or more in ad valorem taxes on inventory held by manufacturers and allows any unused credits to be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

Present law provides for the definition of "inventory" and contains certain exclusions from that definition.

Present law provides that a "manufacturer" means a person engaged in the business of working raw materials into wares suitable for use or which give new shapes, qualities, or combinations to matter which already has gone through some artificial process.

Proposed law retains present law but further provides that a "manufacturer" shall also mean a person who meets present law definition of manufacturer and who has claimed the ad valorem exemption under present constitution during the taxable year in which the local inventory taxes were levied. Proposed law further provides that such manufacturers and all related parties, affiliates, subsidiaries, parent companies, or owners of such manufacturers for the inventory held that is related to the business of such manufacturers may only carry forward for five years any excess credit amount in present law. Proposed law also provides that the secretary shall promulgate rules to ensure that taxpayers affiliated with or related to any other entity through common ownership by the same interests or as a parent or subsidiary shall be considered one taxpayer for the purpose of the limitations on refundability provided for in proposed law.

Proposed law applies to all claims for these credits on any return filed on or after July 1, 2016, regardless of the taxable year to which the return relates.

Proposed law shall not apply to an amended return filed on or after July 1, 2016, provided that these credits were properly claimed on an original return filed prior to July 1, 2016.

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

(Amends R.S. 47:2327 and 6006(C)(3) and adds R.S. 47:6006(B)(3))