

SENATE BILL NO. 6

BY SENATOR MORRELL

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AN ACT

To amend and reenact R.S. 47:6006(B), relative to refundable tax credits; to limit the refundability of the tax credit for ad valorem taxes paid on certain inventory; to provide for applicability; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:6006(B) is hereby amended and reenacted to read as follows:

§6006. Tax credits for local inventory taxes paid

* * *

B.(1) Credit for taxes paid by corporations shall be applied to state corporate income and corporation franchise taxes. Credit for taxes paid by unincorporated persons shall be applied to state personal income taxes. The secretary shall make a refund to the taxpayer in the amount to which he is entitled from the current collections of the taxes collected pursuant to Chapter 1 and Chapter 5 of Subtitle II **of this Title**. 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 following amounts of the excess credit shall either be refundable or may be carried forward as a credit against subsequent Louisiana income or corporation franchise tax liability for a period not to exceed five years, as follows:

~~(1)~~ **(a)** ~~Eligible taxpayers~~ **Taxpayers** whose ad valorem taxes **eligible for the credit authorized pursuant to this Section** paid to all political subdivisions in the taxable year was less than ~~ten thousand~~ **or equal to five hundred thousand** dollars shall be refunded all of the excess credit.

~~(2)~~ **(b)** ~~Eligible taxpayers~~ **Taxpayers** whose ad valorem taxes **eligible for the credit authorized pursuant to this Section** paid to all political subdivisions in the

1 taxable year was ~~ten thousand dollars or more~~ **than five hundred thousand dollars,**
2 **but less than or equal to one million dollars,** shall be refunded seventy-five percent
3 of the excess credit, and the remaining twenty-five percent of the ~~excess~~ credit ~~may~~
4 **shall** be carried forward as a credit against subsequent tax liability for a period not
5 to exceed five years.

6 **(c) Taxpayers whose ad valorem taxes eligible for the credit authorized**
7 **pursuant to this Section paid to all political subdivisions in the taxable year was**
8 **more than one million dollars shall be refunded seventy-five percent of the first**
9 **one million dollars of excess credit, and the remaining amount of the credit shall**
10 **be carried forward as a credit against subsequent tax liability for a period not**
11 **to exceed five years.**

12 **(2) Each taxpayer allowed a credit under this Section shall claim the**
13 **credit on its separately filed income or corporate franchise tax return, however**
14 **for purposes of the application of the limitations on refundability of excess**
15 **credit provided for in Subparagraphs (1)(a) through (c) of this Subsection, all**
16 **taxpayers included in one consolidated federal income tax return filed under the**
17 **Internal Revenue Code shall be treated as a single taxpayer. The secretary shall**
18 **promulgate rules to ensure that taxpayers affiliated with or related to any other**
19 **entity through common ownership by the same interests or as parent or**
20 **subsidiary shall be considered one taxpayer for the purpose of the limitations**
21 **on refunds provided for in Subparagraphs (1)(a) through (c) of this Subsection.**

22 **(3)(a) Subparagraphs (1)(a) and (b) of this Subsection shall not apply to**
23 **any new business entity formed or registered to do business in this state after**
24 **April 15, 2016.**

25 **(b) New business entities formed or first registered to do business in this**
26 **state after April 15, 2016, whose ad valorem taxes paid to all political**
27 **subdivisions in the taxable year was less than ten thousand dollars shall be**
28 **refunded all of the excess credit.**

29 **(c) New business entities formed or first registered to do business in this**
30 **state after April 15, 2016, whose ad valorem taxes paid to all political**

1 subdivisions in the taxable year was ten thousand dollars or more, but no more
 2 than one million dollars shall be refunded seventy-five percent of the excess
 3 credit, and the remaining twenty-five percent of the credit shall be carried
 4 forward as a credit against subsequent tax liability for a period not to exceed
 5 five years.

* * *

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

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

13 Section 3. This Act shall become effective upon signature by the governor or, if not
 14 signed by the governor, upon expiration of the time for bills to become law without signature
 15 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 16 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 17 effective on the day following such approval.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____