

2020 Second Extraordinary Session

SENATE BILL NO. 1

BY SENATOR WARD

TAX/AD VALOREM. Extends the carryforward period for the inventory tax credit for certain businesses. (1/1/21) (Items #26 and #65)

1 AN ACT

2 To amend and reenact R.S. 47:6006(B)(1), (3), and (4), relative to tax credits and incentives;
3 to provide for the carryforward of the tax credit for ad valorem taxes paid on
4 inventory; to provide for an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:6006(B)(1), (3), and (4) are hereby amended and reenacted to read
7 as follows:

8 §6006. Tax credits for local inventory taxes paid

9 * * *

10 B.(1) Credit for taxes paid by corporations shall be applied to state corporate
11 income and corporation franchise taxes. Credit for taxes paid by unincorporated
12 persons shall be applied to state personal income taxes. The secretary shall make a
13 refund to the taxpayer in the amount to which he is entitled from the current
14 collections of the taxes collected pursuant to Chapter 1 and Chapter 5 of Subtitle II
15 of this Title. If the amount of the credit authorized pursuant to Subsection A of this
16 Section exceeds the amount of tax liability for the tax year, the following amounts
17 of the excess credit shall either be refundable or may be carried forward as a credit

1 against subsequent Louisiana income or corporation franchise tax liability ~~for a~~
2 ~~period not to exceed five years~~ **until exhausted**, as follows:

3 (a) Taxpayers whose ad valorem taxes eligible for the credit authorized
4 pursuant to this Section paid to all political subdivisions in the taxable year was less
5 than or equal to five hundred thousand dollars shall be refunded all of the excess
6 credit.

7 (b) Taxpayers whose ad valorem taxes eligible for the credit authorized
8 pursuant to this Section paid to all political subdivisions in the taxable year was more
9 than five hundred thousand dollars, but less than or equal to one million dollars, shall
10 be refunded seventy-five percent of the excess credit, and the remaining twenty-five
11 percent of the excess credit shall be carried forward as a credit against subsequent
12 tax liability ~~for a period not to exceed five years~~ **until exhausted**.

13 (c) Taxpayers whose ad valorem taxes eligible for the credit authorized
14 pursuant to this Section paid to all political subdivisions in the taxable year was more
15 than one million dollars shall be refunded seventy-five percent of the first one
16 million dollars of excess credit, and the remaining amount of the credit shall be
17 carried forward as a credit against subsequent tax liability ~~for a period not to exceed~~
18 ~~five years~~ **until exhausted**.

19 * * *

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

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

27 (c) New business entities formed or first registered to do business in this state
28 after April 15, 2016, whose ad valorem taxes paid to all political subdivisions in the
29 taxable year was ten thousand dollars or more, but no more than one million dollars

1 shall be refunded seventy-five percent of the excess credit, and the remaining
2 twenty-five percent of the credit shall be carried forward as a credit against
3 subsequent tax liability ~~for a period not to exceed five years~~ **until exhausted**.

4 (4) Notwithstanding any provision in this Section to the contrary, for a
5 manufacturer, as defined in Subparagraph (C)(3)(b) of this Section, if the amount of
6 the credit authorized pursuant to Subsection A of this Section exceeds the amount
7 of tax liability for the tax year, the excess credit **shall not be refundable and** may
8 only be carried forward as a credit against subsequent Louisiana income or
9 corporation franchise tax liability ~~for a period not to exceed five years and shall not~~
10 ~~be refundable~~ **until exhausted**. The secretary shall promulgate rules to ensure that
11 taxpayers included in one consolidated federal income tax return shall be considered
12 one taxpayer for the purpose of the limitations on refundability provided for in this
13 Paragraph. This rulemaking authority shall be in addition to the rulemaking authority
14 provided for elsewhere in this Title.

15 * * *

16 Section 2. This Act shall become effective on January 1, 2021.

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

DIGEST

SB 1 Original

2020 Second Extraordinary Session

Ward

Present law provides an income and franchise tax credit for local ad valorem taxes on inventory paid.

Present law authorizes a refund of the credit for ad valorem taxes on inventory paid for certain small businesses and a nonrefundable income and franchise tax credit for larger businesses.

Present law provides that the nonrefundable portion of the tax credit may be carried forward for a maximum of five years.

Proposed law removes the five-year carryforward period and allows taxpayers to carry forward the tax credit until the tax credit balance is exhausted.

Effective January 1, 2021.

(Amends R.S. 47:6006(B)(1), (3), and (4))