

SENATE BILL NO. 1

BY SENATOR WARD AND REPRESENTATIVE THOMPSON

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AN ACT

To amend and reenact R.S. 47:6006(B), relative to tax credits and incentives; to provide for the carryforward of the tax credit for ad valorem taxes paid on inventory; 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~~ ten years, as follows:

(a) 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 or equal to five hundred thousand dollars shall be refunded all of the excess credit.

(b) Taxpayers whose ad valorem taxes eligible for the credit authorized pursuant to this Section paid to all political subdivisions in the taxable year was more than five hundred thousand dollars, but less than or equal to one million dollars, shall

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

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

10 (2) Each taxpayer allowed a credit under this Section shall claim the credit
11 on its separately filed income or corporate franchise tax return; however, for
12 purposes of the application of the limitations on refundability of excess credit
13 provided for in Subparagraphs (1)(a) through (c) of this Subsection, all taxpayers
14 included in one consolidated federal income tax return filed under the Internal
15 Revenue Code shall be treated as a single taxpayer. ~~The secretary shall promulgate~~
16 ~~rules to ensure that taxpayers included in one consolidated federal income tax return~~
17 ~~shall be considered one taxpayer for the purpose of the limitations on refunds~~
18 ~~provided for in Subparagraphs (1)(a) through (c) of this Subsection.~~

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

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

26 (c) New business entities formed or first registered to do business in this state
27 after April 15, 2016, whose ad valorem taxes paid to all political subdivisions in the
28 taxable year was ten thousand dollars or more, but no more than one million dollars
29 shall be refunded seventy-five percent of the excess credit, and the remaining
30 twenty-five percent of the credit shall be carried forward as a credit against

1 subsequent tax liability for a period not to exceed ~~five~~ **ten** years.

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

13 * * *

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

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____