

2021 Regular Session

SENATE BILL NO. 242

BY SENATOR WARD

TAX/TAXATION. Clarifies the carryforward period for the inventory tax credit. (gov sig)

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AN ACT

To amend and reenact Section 2 of Act. No. 55 of the 2020 Second Extraordinary Session of the Legislature, relative to the carryforward period for the tax credit for ad valorem taxes paid on inventory; to provide for applicability of the carryforward period; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Section 2 of Act. No. 55 of the 2020 Second Extraordinary Session of the Legislature is hereby amended and reenacted to read as follows:

Section 2. This Act shall become effective on January 1, 2021, **and shall increase the carryforward period from five to ten years for carryforward balances of the credit remaining as of December 31, 2020.**

Section 3. 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.

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

DIGEST
2021 Regular Session

SB 242 Original

Ward

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

Present law authorizes a full refund of the credit for ad valorem taxes on inventory paid for certain small businesses, a refund of 75% of the taxes paid when ad valorem taxes are \$1 million or less, and a nonrefundable income and franchise tax credit for the remainder of ad valorem taxes paid.

Present law provides that the nonrefundable portion of the tax credit may be carried forward for a maximum of 10 years.

Proposed law clarifies that the carryforward period increased from five to 10 years for all carryforward balances of the credit remaining as of Dec. 31, 2020.

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

(Amends §2 of Act. No. 55 of 2020, 2nd E.S.)