

2025 Regular Session

SENATE BILL NO. 65

BY SENATOR FOIL

TAX/TAXATION. Provides for the treatment of certain pass through entities under the inventory tax credit. (gov sig)

AN ACT

To amend and reenact R.S. 47:6006(A), the introductory paragraph of (B)(1), (2) and (4), relative to the tax credit for local inventory taxes paid; to provide for the ability of S corporations to claim the credit under certain circumstances; 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(A), the introductory paragraph of (B)(1), (2) and (4) are hereby amended and reenacted to read as follows:

§6006. Tax credits for local inventory taxes paid

A.(1) There shall be allowed a credit against Louisiana ~~individual~~ income tax for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers.

(2) There shall be allowed a credit against Louisiana ~~individual~~ income tax for ad valorem taxes paid to political subdivisions on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities.

(3) Notwithstanding the provisions of Paragraphs (1) and (2) of this

1 Subsection, for taxable periods beginning on or after July 1, 2026, no credit shall
2 be allowed for earned by taxpayers taxed as a C-corporation for federal income tax
3 purposes for taxable periods beginning on or after July 1, 2026 for federal income
4 tax purposes as either a C-corporation or an estate or trust subject to the tax
5 levied pursuant to the provisions of R.S. 47:300.1. Additionally, for taxable
6 periods beginning on or after July 1, 2026, a taxpayer taxed as an S corporation
7 for federal income tax purposes shall earn the credit only with regard to
8 amounts for which an election to flow-through the credit to shareholders is
9 made pursuant to R.S. 47:287.732(B). However, Notwithstanding any provision
10 of this Section to the contrary, any such taxpayer may carry forward any remaining
11 credits for an additional five years from the date that the credits would have expired
12 under the provisions of this Section. This additional carry forward period shall not
13 apply to any credits for which the carry forward period expired prior to January 1,
14 2025. For taxable periods beginning on or after January 1, 2025, credit amounts
15 earned by taxpayers taxed as a C-corporation for federal income tax purposes that
16 exceed the taxpayer's tax liability shall not be eligible for refund and may only be
17 used as a credit against subsequent Louisiana corporation income tax liability.

18 B.(1) Credits for taxes paid by corporations shall be applied to state
19 corporation income taxes, unless an election to flow-through the credit pursuant
20 to R.S. 47:287.732(B) has been made for the taxable period. If such an election
21 has been made, the credit shall be claimed by the shareholders of the S
22 corporation to the extent allowable thereunder. Credit for taxes paid by
23 unincorporated persons and pass-through entities shall be applied to state ~~individual~~
24 personal income taxes. The secretary shall make a refund to the taxpayer in the
25 amount to which he is entitled from the current collections of the taxes collected
26 pursuant to Chapter 1 of Subtitle II of this Title. If the amount of the credit
27 authorized pursuant to Subsection A of this Section exceeds the amount of tax
28 liability for the tax year, the following amounts of the excess credit shall either be
29 refundable or may be carried forward as a credit against subsequent Louisiana

~~individual~~ **personal** income tax liability for a period not to exceed ten years, as follows:

* * *

(2) Each taxpayer allowed a credit under this Section shall claim the credit on its separately filed ~~individual~~ **personal** income tax return.

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(4) Notwithstanding any provision in this Section to the contrary, for a manufacturer, as defined in Subparagraph (C)(3)(b) of this Section, 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 shall not be refundable and may only be carried forward as a credit against subsequent Louisiana ~~individual~~ **personal** income tax liability for a period not to exceed ten years and shall not be refundable.

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Section 2. The provisions of this Act shall be applicable to income tax periods beginning on or after January 1, 2025.

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 Senate Legislative Services. The keyword, summary, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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

Proposed law retains present law.

Present law prohibits the credit from being claimed to offset corporation income and franchise taxes for taxpayers taxed as C-corporations for taxable periods beginning on or after July 1, 2026; however, taxpayers using the credit to offset corporation income tax may carry forward any remaining credits for an additional five years from the date that the credits

would have expired.

Proposed law clarifies that the prohibition is applicable to a C-corporation or an estate or trust subject to the tax levied pursuant to present law.

Proposed law authorizes a taxpayer taxed as a S corporation for federal income tax purposes shall earn the credit but only for amounts for which an election to flow-through the credit to shareholders is made pursuant to present law.

Present law authorizes the credit for taxes paid by unincorporated persons and pass-through entities to be applied to state individual income taxes.

Proposed law authorizes credits for taxes paid by corporations to be applied to state corporation income taxes, unless an election to flow-through the credit pursuant to present law has been made for the taxable period. Further provides that when the election to flow-through credits has been made, the credits shall be claimed by the shareholders of the S corporation to the extent allowable under present law.

Present law requires the credit to be claimed against state individual income tax.

Proposed law changes the reference to state personal income tax.

Applicable to taxable periods beginning on or after January 1, 2025.

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

(Amends R.S. 47:6006(A), (B)(1)(intro para), (2) and (4))