

SENATE BILL NO. 65

BY SENATOR FOIL

1 AN ACT

2 To amend and reenact R.S. 47:6006(A), the introductory paragraph of (B)(1), (2) and (4),
3 relative to the tax credit for local inventory taxes paid; to prohibit trusts and estates
4 from claiming the credit; to provide for the ability of cooperatives to claim the credit
5 under certain circumstances; to provide for the ability of S corporations to claim the
6 credit under certain circumstances; to provide relative to the carry forward period;
7 to provide for applicability; to provide for an effective date; and to provide for
8 related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:6006(A), the introductory paragraph of (B)(1), (2) and (4) are
11 hereby amended and reenacted to read as follows:

12 §6006. Tax credits for local inventory taxes paid

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

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

20 ~~(3)(a) Notwithstanding the provisions of Paragraphs (1) and (2) of this~~
21 ~~Subsection, no credit shall be allowed for taxpayers taxed as a C-corporation for~~
22 ~~federal income tax purposes for taxable periods beginning on or after July 1, 2026.~~

23 **For payments of ad valorem taxes made on or after July 1, 2026, no taxpayer**
24 **taxed for federal income tax purposes as either a C-corporation or an estate or**
25 **trust subject to the tax levied pursuant to the provisions of R.S. 47:300.1 shall**
26 **earn the credit provided for in Paragraphs (1) and (2) of this Subsection.**

27 **However, the credit may be earned by cooperatives if the cooperative is allowed**

1 a federal income tax deduction for any patronage dividend paid or allocated to
2 its members.

3 (b) For payments of ad valorem tax made on or after July 1, 2026, a
4 taxpayer taxed as an S corporation for federal income tax purposes may earn
5 the credit only with regard to amounts which flow-through to shareholders and
6 in proportion to amounts calculated pursuant to R.S. 47:287.732(B).

7 (4) However, any such Any taxpayer prohibited from earning a credit
8 pursuant to Subparagraph (3)(a) of this Subsection may carry forward any
9 remaining credits for an additional ~~five~~ ten years from the date that the credits would
10 have expired under the provisions of this Section. This additional carry forward
11 period shall not apply to any credits for which the carry forward period expired prior
12 to January 1, 2025. For taxable periods beginning on or after January 1, 2025, credit
13 amounts earned by taxpayers taxed as a C-corporation for federal income tax
14 purposes that exceed the taxpayer's tax liability shall not be eligible for refund and
15 may only be used as a credit against subsequent Louisiana corporation income tax
16 liability.

17 B.(1) Credits for taxes paid by corporations shall be applied to state
18 corporation income taxes, unless an election to flow-through the credit pursuant
19 to R.S. 47:287.732(B) has been made for the taxable period. If such an election
20 has been made, the credit shall be claimed by the shareholders of the S
21 corporation to the extent allowable thereunder. Credit for taxes paid by
22 unincorporated persons and pass-through entities shall be applied to state ~~individual~~
23 personal income taxes. The secretary shall make a refund to the taxpayer in the
24 amount to which he is entitled from the current collections of the taxes collected
25 pursuant to Chapter 1 of Subtitle II of this Title. ~~If~~ Unless otherwise provided, if the
26 amount of the credit authorized pursuant to Subsection A of this Section exceeds the
27 amount of tax liability for the tax year, the following amounts of the excess credit
28 shall either be refundable or may be carried forward as a credit against subsequent
29 Louisiana ~~individual~~ income tax liability for a period not to exceed ten years, as
30 follows:

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

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____