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## DIGEST

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HB 664 Original

2015 Regular Session

Stokes

**Abstract:** Defines inventory for purposes of the inventory tax credit, provides for the amount of the credit, and authorizes the secretary of dept. of revenue to require a rendition of inventory in certain circumstances.

Present law authorizes an income or corporation franchise tax for ad valorem tax paid to political subdivisions on inventory held by manufacturers, distributors, and retailers and on certain natural gas. The amount of the tax is equal to 100% of taxes paid.

Proposed law reduces the amount of the allowable credit from 100% to 65% beginning July 1, 2015.

Proposed law defines "inventory" for the purpose of the credit to include certain items of tangible personal property held for sale in the ordinary course of business, are in the process of production for subsequent sale, or are to become a part of the production of the good for sale.

Proposed law excludes from the definition of "inventory" certain oil stored in tanks, items that would be considered inventory following the initial lease of the item, depreciation has commenced on the item for the purposes of a taxpayer's federal tax return, items subject to an intervening use by the taxpayer or has been owned by the taxpayer for longer than 18 months, and items otherwise exempt from ad valorem taxation pursuant to the La. Constitution.

Proposed law authorizes the secretary to require a taxpayer to file its rendition of inventory with the parish assessors rendition if there is a finding of overvaluation or misclassification of inventory in certain circumstances. Further authorizes the secretary to intervene in any proceeding related to the valuation or classification of property as inventory for which a credit will be claimed pursuant to present law.

Effective Jan. 1, 2016, and for all tax years thereafter.

(Amends R.S. 47:6006(C) and (D); adds R.S. 47:6006(E))