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## DIGEST

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HB 46 Original

2016 First Extraordinary Session

James

**Abstract:** Suspends the tax credits for ad valorem taxes paid prior to Jan. 1, 2016, on inventory, offshore vessels, and telephone company public service properties and reduces the amount of the credits and modifies refundability of excess credit amounts for ad valorem taxes paid on and after Jan. 1, 2016.

### INVENTORY

Present law provides for income or corporation franchise tax credits for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers and 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.

Present law provides that if a taxpayer pays less than \$10,000 in ad valorem taxes to all political subdivisions, then any amount of the tax credit that exceeds the taxpayer's tax liability is 100% refundable to the taxpayer. Further provides that if a taxpayer pays \$10,000 or more in ad valorem taxes to all political subdivisions, then 75% of the amount of the credit that exceeds the taxpayer's tax liability is refundable to the taxpayer and the remaining 25% of the credit may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

Proposed law changes present law by disallowing the credit for inventory taxes paid to all political subdivisions prior to Jan. 1, 2016. Proposed law further reduces the amount of the credit for inventory taxes paid to all political subdivisions on and after Jan. 1, 2016 from 100% of the inventory taxes paid to 80%.

Proposed law retains present law regarding the refundability of the excess amount of tax credit for taxpayers whose tax liability is less than the amount of the credit.

### OFFSHORE VESSELS

Present law provides for income or corporation franchise tax credits for ad valorem taxes paid without protest to political subdivisions on vessels in Outer Continental Shelf Lands Act Waters as certified to the assessor within the calendar year immediately preceding the taxable year of assessment of such vessel. The amount of the credit shall be 100% of the ad valorem taxes paid to political subdivisions on these vessels.

Present law provides that if the tax credit amount exceeds the taxpayer's tax liability, then 100% of the excess amount of the credit shall be refunded to the taxpayer.

Proposed law changes present law by disallowing the credit for ad valorem taxes paid to all political subdivisions prior to Jan. 1, 2016.

Proposed law reduces the amount of the credit for ad valorem taxes paid to all political subdivisions on and after Jan. 1, 2016 from 100% of the inventory taxes paid to 80% and reduces the amount of the credit which may be refunded to a taxpayer if the taxpayer's tax credit amount exceeds his tax liability from 100% refundable to 75%. The remaining 25% of the excess credit amount may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

#### TELEPHONE COMPANY PUBLIC SERVICE PROPERTY

Present law provides for income or corporation franchise tax credits for ad valorem taxes paid to political subdivisions by a telephone company on the company's public service properties which are assessed by the La. Tax Commission at 25% of fair market value pursuant to present law. The amount of the credit shall be equal to 40% of the aggregate amount of ad valorem taxes paid on these properties.

Present law provides that if the tax credit amount exceeds the taxpayer's tax liability, then 100% of the excess amount of the credit shall be refunded to the taxpayer.

Proposed law changes present law by disallowing the credit for ad valorem taxes paid to all political subdivisions prior to Jan. 1, 2016.

Proposed law further reduces the amount of the credit for ad valorem taxes paid to all political subdivisions on and after Jan. 1, 2016 from 40% of the inventory taxes paid to 32% and reduces the amount of the credit which may be refunded to a taxpayer if the taxpayer's tax credit amount exceeds his tax liability from 100% refundable to 75%. The remaining 25% of the excess credit amount may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

Present law establishes the "Telephone Company Property Assessment Relief Fund" ("fund") as a special treasury fund wherein the avails of the sales and use taxes imposed under present law attributable to the furnishing of interstate and international telecommunication services shall be credited. Present law requires the monies in the fund to be used solely for paying the credits or refunds as provided in present law.

Proposed law repeals the special treasury fund and provides that the secretary shall make refunds for this tax credit from current sales tax collections.

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

(Amends R.S. 47:6006(A), (B), and (D), 6006.1(A) and (E), and 6014(A); Repeals R.S. 47:6006.1(C) and 6014(D) and (E))