SLS 161ES-31 ORIGINAL

2016 First Extraordinary Session

SENATE BILL NO. 13

BY SENATOR ALLAIN

TAX/AD VALOREM. Provides for carryforward rather than a refund of tax credits from ad valorem taxes paid to local governments. (gov sig)

1 AN ACT

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To amend and reenact R.S. 47:6006(B), relative to tax credits; to phase out the refundability of the tax credit for local ad valorem taxes on inventory; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:6006(B) is hereby amended and reenacted to read as follows: §6006. Tax credits for local inventory taxes paid

8 * * *

B. Credit for taxes paid by corporations shall be applied to state corporate income and corporation franchise taxes. Credit for taxes paid by unincorporated persons shall be applied to state personal income taxes. The secretary shall make a refund to the taxpayer in the amount to which he is entitled from the current collections of the taxes collected pursuant to Chapter 1 and Chapter 5 of Subtitle II. 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 following amounts of the excess credit shall either be refundable or may be carried forward as a credit against subsequent Louisiana income or corporation franchise tax liability for a period not

1	to exceed five years, as follows:
2	(1) For inventory taxes paid to political subdivisions before January 1,
3	<u>2017:</u>
4	(a) Eligible taxpayers whose ad valorem taxes paid to all political
5	subdivisions in the taxable year was less than ten thousand dollars shall be refunded
6	all of the excess credit.
7	(2)(b) Eligible taxpayers whose ad valorem taxes paid to all political
8	subdivisions in the taxable year was ten thousand dollars or more shall be refunded
9	seventy-five percent of the excess credit, and the remaining twenty-five percent of
10	the credit may be carried forward as a credit against subsequent tax liability for a
11	period not to exceed five years.
12	(2) For inventory taxes paid to political subdivisions on or after January
13	1, 2017, and before January 1, 2018:
14	(a) Eligible taxpayers whose ad valorem taxes paid to all political
15	subdivisions in the taxable year was less than ten thousand dollars shall be
16	refunded all of the excess credit.
17	(b) Eligible taxpayers whose ad valorem taxes paid to all political
18	subdivisions in the taxable year was ten thousand dollars or more shall be
19	refunded fifty percent of the excess credit, and the remaining fifty percent of the
20	credit may be carried forward as a credit against subsequent tax liability for a
21	period not to exceed five years.
22	(3) For inventory taxes paid to political subdivisions on or after January
23	1, 2018, and before January 1, 2019:
24	(a) Eligible taxpayers whose ad valorem taxes paid to all political
25	subdivisions in the taxable year was less than ten thousand dollars shall be
26	refunded all of the excess credit.
27	(b) Eligible taxpayers whose ad valorem taxes paid to all political
28	subdivisions in the taxable year was ten thousand dollars or more shall be

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refunded twenty-five percent of the excess credit, and the remaining

1	seventy-five percent of the credit may be carried forward as a credit against
2	subsequent tax liability for a period not to exceed five years.
3	(4) For inventory taxes paid to political subdivisions on or after January
4	1, 2019, the credit is not refundable and any credit in excess of their Louisiana
5	income or corporation franchise tax liability for the current period may be
6	carried forward as a credit against subsequent tax liability for a period not to
7	exceed five years.
8	(5) Any refund authorized under this Section shall be made from the
9	current collections of the taxes collected pursuant to Chapter 1 and Chapter 5
10	of Subtitle II.
11	* * *
12	Section 2. This Act shall become effective upon signature by the governor or, if not
13	signed by the governor, upon expiration of the time for bills to become law without signature
14	by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
15	vetoed by the governor and subsequently approved by the legislature, this Act shall become
16	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

SB 13 Original

2016 First Extraordinary Session

Allain

Present law authorizes a partially refundable tax credit for ad valorem taxes paid on inventory held by manufacturers, distributors, and retailers.

Proposed law retains the tax credit for ad valorem taxes paid on inventory, but phases out the refundability of the credit over a three-year period.

Present law allows full refundability of the tax credit for ad valorem taxes paid on inventory for taxpayers that pay less than \$10,000 in ad valorem taxes on inventory during the tax year.

Proposed law eliminates refundability of the credit for taxpayers paying less than \$10,000 in ad valorem taxes on inventory at the end of the refundability phase-out period for all taxpayers.

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

(Amends R.S. 47:6006(B))