

2017 Regular Session

SENATE BILL NO. 182

BY SENATOR MORRELL

TAX/AD VALOREM. Provides for the tax credit for ad valorem taxes paid on inventory by taxpayers included in one consolidated federal income tax return. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 47:6006(B)(2) and (4), relative to tax credits; to provide with
3 respect to refund limitations involving one consolidated federal income tax return;
4 to provide for an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:6006(B)(2) and (4) are hereby amended and reenacted to read as
7 follows:

8 §6006. Tax credits for local inventory taxes paid

9 * * *

10 B. * * *

11 (2) Each taxpayer allowed a credit under this Section shall claim the credit
12 on its separately filed income or corporate franchise tax return, however for purposes
13 of the application of the limitations on refundability of excess credit provided for in
14 Subparagraphs (1)(a) through (c) of this Subsection, all taxpayers included in one
15 consolidated federal income tax return filed under the Internal Revenue Code shall
16 be treated as a single taxpayer. The secretary shall promulgate rules to ensure that
17 taxpayers ~~affiliated with or related to any other entity through common ownership~~

1 ~~by the same interests or as parent or subsidiary~~ **included in one consolidated**
 2 **federal income tax return** shall be considered one taxpayer for the purpose of the
 3 limitations on refunds provided for in Subparagraphs (1)(a) through (c) of this
 4 Subsection.

5 * * *

6 (4) Notwithstanding any provision in this Section to the contrary, for a
 7 manufacturer, as defined in Subparagraph (C)(3)(b) of this Section, ~~and for all~~
 8 ~~related parties, affiliates, subsidiaries, parent companies, or owners of such~~
 9 ~~manufacturer for the inventory held that is related to the business of such~~
 10 ~~manufacturer~~, if the amount of the credit authorized pursuant to Subsection A of this
 11 Section exceeds the amount of tax liability for the tax year, the excess credit may
 12 only be carried forward as a credit against subsequent Louisiana income or
 13 corporation franchise tax liability for a period not to exceed five years and shall not
 14 be refundable. The secretary shall promulgate rules to ensure that taxpayers ~~affiliated~~
 15 ~~with or related to any other entity through common ownership by the same interests~~
 16 ~~or as a parent or subsidiary~~ **included in one consolidated federal income tax**
 17 **return** shall be considered one taxpayer for the purpose of the limitations on
 18 refundability provided for in this Paragraph. This rulemaking authority shall be in
 19 addition to the rulemaking authority provided for elsewhere in this Title.

20 * * *

21 Section 2. This Act shall become effective upon signature by the governor or, if not
 22 signed by the governor, upon expiration of the time for bills to become law without signature
 23 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 24 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 25 effective on the day following such approval.

The original instrument was prepared by Leonore F. Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by James Benton.

DIGEST

SB 182 Engrossed 2017 Regular Session Morrell

Present law provides for a refundable tax credit for local ad valorem taxes paid on inventory and limits refundability for certain affiliated taxpayers.

Proposed law retains present law and restricts the refund limitation for affiliated taxpayers to taxpayers that are members of the same federal consolidated group for federal income tax purposes.

Present law provides that for a manufacturer, as defined in proposed law, and for all related parties, affiliates, subsidiaries, parent companies, or owners of such manufacturer for the inventory held that is related to the business of such manufacturer, if the amount of the credit authorized pursuant to proposed law exceeds the amount of tax liability for the tax year, the excess credit may only be carried forward as a credit against subsequent Louisiana income or corporation franchise tax liability for a period not to exceed five years and shall not be refundable. The secretary shall promulgate rules to ensure that taxpayers affiliated with or related to any other entity through common ownership by the same interests or as a parent or subsidiary shall be considered one taxpayer for the purpose of the limitations on refundability provided for in this Paragraph. This rulemaking authority shall be in addition to the rulemaking authority provided for elsewhere in this Title.

Proposed law retains present law but makes related party language uniform throughout proposed law.

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

(Amends R.S. 47:6006(B)(2) and (4))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Provides for uniformity as it relates to the designation of "related parties" regarding consolidated federal income tax return.