

2015 Regular Session

HOUSE BILL NO. 729

BY REPRESENTATIVE LEGER

TAX/TAXATION: Phases out inventory tax credits

1 AN ACT

2 To amend and reenact R.S. 47:6006(D)(5) and to enact R.S. 47:6006(D)(6) through (10);  
3 relative to income and corporation franchise tax credits; to provide for the tax credit  
4 for ad valorem taxes paid on inventory; to phase out the amount of the credit over a  
5 certain period of time; to provide for an effective date; and to provide for related  
6 matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6006(D)(5) is hereby amended and reenacted and R.S.  
9 47:6006(D)(6) through (10) are hereby enacted to read as follows:

10 §6006. Tax credits for local inventory taxes paid

11 \* \* \*

12 D.

13 \* \* \*

14 (5) For inventory taxes paid to political subdivisions on or after July 1, 1996,  
15 and before June 30, 2015, the credit shall be one hundred percent of such taxes paid.

16 (6) Beginning July 1, 2015, for inventory taxes paid to political subdivisions  
17 for calendar year 2016, the credit shall be eighty percent of such taxes paid.

18 (7) For inventory taxes paid to political subdivisions for calendar year 2017,  
19 the credit shall be sixty percent of such taxes paid.

1           (8) For inventory taxes paid to political subdivisions for calendar year 2018,  
2           the credit shall be forty percent of such taxes paid.

3           (9) For inventory taxes paid to political subdivisions for calendar year 2019,  
4           the credit shall be twenty percent of such taxes paid.

5           (10) Beginning calendar year 2020, and every year thereafter, there shall be  
6           no credit allowed pursuant to this Section.

7           Section 2. The provisions of this Act shall become effective on July 1, 2015, and  
8           shall be applicable for all tax years after such date.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 729 Original

2015 Regular Session

Leger

**Abstract:** Phases out the tax credit for ad valorem taxes paid on inventory beginning with taxes paid in calendar year 2016 by reducing the amount of the credit by 20% per year over a five-year period until no credit is allowed.

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

Proposed law reduces the amount of the allowable credit as follows:

- (1) 80% of the inventory taxes paid for calendar year 2016.
- (2) 60% of the inventory taxes paid for calendar year 2017.
- (3) 40% of the inventory taxes paid for calendar year 2018.
- (4) 20% of the inventory taxes paid for calendar year 2019.

Proposed law eliminates the inventory tax credit for taxes paid for calendar year 2020 and each calendar year thereafter.

Effective July 1, 2015, applicable for all tax years after such date.

(Amends R.S. 47:6006(D)(5); Adds R.S. 47:6006(D)(6)-(10))