

2016 Second Extraordinary Session

SENATE BILL NO. 10

BY SENATOR WARD

TAX/AD VALOREM. Provides for the confidentiality of tax records and the definitions of inventory and manufacturer for purposes of the tax credits for ad valorem taxes paid to local governments. (See Act) (Item #47)

1 AN ACT

2 To amend and reenact R.S. 47:2327 and 6006(C)(3) and to enact R.S. 47:6006(C)(2)(b)(vi),  
3 relative to the ad valorem tax on inventories and related income tax credits; to  
4 provide with regard to the confidentiality of tax records; to provide with regard to  
5 the definitions of inventory and manufacturer for the purpose of tax credits for local  
6 inventory taxes paid; to provide for certain limitations; to provide for effectiveness;  
7 and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:2327 is hereby amended and reenacted to read as follows:

10 §2327. Confidentiality of forms

11 Forms filed by a taxpayer pursuant to this ~~Act~~ **Part** shall be confidential and  
12 shall be used by the assessor, the governing authority, ~~and~~ the Louisiana Tax  
13 Commission, **and the Louisiana Department of Revenue**, solely for the purpose  
14 of administering the provisions of this ~~Act~~ **Part and verifying eligibility for tax**  
15 **credits claimed under R.S. 47:6006**. Such forms shall not be subject to the  
16 provisions ~~relative to public records as set forth in Title 44 of the Louisiana Revised~~  
17 ~~Statutes of 1950~~ **of the Public Records Law**, provided however, that such forms

1 shall be admissible in evidence and subject to discovery in judicial or administrative  
2 proceedings according to general law relating to the production and discovery of  
3 evidence.

4 Section 2. R.S. 47:6006(C)(3) is hereby amended and reenacted and R.S.  
5 47:6006(C)(2)(b)(vi) is hereby enacted to read as follows:

6 §6006. Tax credits for local inventory taxes paid

7 \* \* \*

8 C. For purposes of this Section, the following terms shall have the meanings  
9 ascribed to them:

10 \* \* \*

11 (2) \* \* \*

12 (b) "Inventory" shall not include the following:

13 \* \* \*

14 **(vi) Items of tangible personal property held at a manufacturing**  
15 **establishment or an addition to an existing manufacturing establishment that**  
16 **was exempt from ad valorem taxation under Article VII, Section 21(F) of the**  
17 **Constitution of Louisiana for the year in which ad valorem taxes were levied**  
18 **upon such items of tangible personal property.**

19 (3) (a) "Manufacturer" means a person engaged in the business of working  
20 raw materials into wares suitable for use or which gives new shapes, qualities, or  
21 combinations to matter which already has gone through some artificial process.

22 **(b) "Manufacturer" shall not mean a person who has claimed the ad**  
23 **valorem exemption under Article VII, Section 21(F) of the Constitution of**  
24 **Louisiana during the taxable year in which the local inventory taxes were levied,**  
25 **unless a minimum of twenty-five percent of its total Louisiana inventory subject**  
26 **to ad valorem taxation was not held at a new manufacturing establishment, or**  
27 **an addition to an existing manufacturing establishment, for which the ad**  
28 **valorem exemption is claimed.**

29 \* \* \*

1 Section 3. The provisions of Section 1 of this Act shall become effective upon  
 2 signature by the governor or, if not signed by the governor, upon expiration of the time for  
 3 bills to become law without signature by the governor, as provided by Article III, Section  
 4 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved  
 5 by the legislature, the provisions of Section 1 of this Act shall become effective on the day  
 6 following such approval.

7 Section 4.(A) The provisions of Section 2 of this Act shall apply to all claims for  
 8 these credits on any return filed on or after July 1, 2016, regardless of the taxable year to  
 9 which the return relates.

10 (B) The provisions of Section 2 of this Act shall not apply to an amended return filed  
 11 on or after July 1, 2016, provided that these credits were properly claimed on an original  
 12 return filed prior to July 1, 2016.

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The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Ben Huxen.

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#### DIGEST

SB 10 Engrossed

2016 Second Extraordinary Session

Ward

Present law provides that ad valorem tax forms filed by a taxpayer shall be confidential and shall be used by the assessor, the governing authority, and the Louisiana Tax Commission solely for the purpose of administering the provisions of Acts 1976, No. 705.

Proposed law permits use of ad valorem tax forms by the Department of Revenue for purposes of verifying eligibility for inventory tax credits.

Present law authorizes a partially refundable tax credit for taxpayers who pay \$10,000 or more in ad valorem taxes on inventory held by manufacturers and allows any unused credits to be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

Present law provides for the definition of "inventory" and contains certain exclusions from that definition.

Present law provides that a "manufacturer" means a person engaged in the business of working raw materials into wares suitable for use or which give new shapes, qualities, or combinations to matter which already has gone through some artificial process.

Proposed law provides that inventory shall not include items of tangible personal property held at a manufacturing establishment or an addition thereto that was exempt from ad valorem taxation under Article VII, Section 21(F) of the Constitution, relative to contracts for the exemption from ad valorem taxes of a new manufacturing establishment or an addition to an existing manufacturing establishment, for the year in which ad valorem taxes were levied upon such items of tangible personal property.

Proposed law further provides that a "manufacturer" shall not mean a person who has

claimed the ad valorem exemption under Article VII, Section 21(F) of the Constitution during the taxable year in which the local inventory taxes were levied, unless a minimum of 25% of its total Louisiana inventory subject to ad valorem taxation was not held at a new manufacturing establishment or an addition to an existing manufacturing establishment, for which the ad valorem exemption is claimed.

Proposed law applies to all claims for these credits on any return filed on or after July 1, 2016, regardless of the taxable year to which the return relates.

Proposed law shall not apply to an amended return filed on or after July 1, 2016, provided that these credits were properly claimed on an original return filed prior to July 1, 2016.

(Amends R.S. 47:2327 and 6006(C)(3); adds R.S. 47:6006(C)(2)(b)(vi))