

2016 First Extraordinary Session

HOUSE BILL NO. 35

BY REPRESENTATIVE JAY MORRIS

TAX CREDITS: Increases the refundable amount of the tax credit for local inventory taxes paid to political subdivisions (Item #31)

1 AN ACT

2 To amend and reenact R.S. 47:6006(B)(2), relative to income and corporation franchise tax  
3 credits; to provide with respect to the tax credit for ad valorem taxes paid on  
4 inventory; to provide for the amount of the credit that is refundable; to provide for  
5 applicability; to provide for an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

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

8 §6006. Tax credits for local inventory taxes paid

9 \* \* \*

10 B. Credit for taxes paid by corporations shall be applied to state corporate  
11 income and corporation franchise taxes. Credit for taxes paid by unincorporated  
12 persons shall be applied to state personal income taxes. The secretary shall make  
13 a refund to the taxpayer in the amount to which he is entitled from the current  
14 collections of the taxes collected pursuant to Chapter 1 and Chapter 5 of Subtitle II.  
15 If the amount of the credit authorized pursuant to Subsection A of this Section  
16 exceeds the amount of tax liability for the tax year, the following amounts of the  
17 excess credit shall either be refundable or may be carried forward as a credit against  
18 subsequent Louisiana income or corporation franchise tax liability for a period not  
19 to exceed five years, as follows:

20 \* \* \*

1           (2) Eligible taxpayers whose ad valorem taxes paid to all political  
 2 subdivisions in the taxable year was ten thousand dollars or more shall be refunded  
 3 ~~seventy-five~~ eighty-five percent of the excess credit, and the remaining ~~twenty-five~~  
 4 fifteen percent of the credit may be carried forward as a credit against subsequent tax  
 5 liability for a period not to exceed five years.

\* \* \*

7           Section 2. The provisions of this Act shall become effective on January 1, 2017 and  
 8 shall be applicable for all taxable years beginning on and after such date.

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)]

HB 35 Original

2016 First Extraordinary Session

Jay Morris

**Abstract:** Increases the refundable amount of the ad valorem tax credit for taxpayers whose tax liability for local inventory taxes paid exceeds \$10,000 from 75% to 85%.

Present law provides for an income or corporation franchise tax credit for 100% of the ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers.

Present law provides that a taxpayer whose tax liability for ad valorem taxes paid to political subdivisions is less than \$10,000 shall be entitled to a refund for the full amount of any allowable credit which exceeds the aggregate tax liability of the taxpayer. Taxpayers whose tax liability for ad valorem taxes paid to political subdivisions exceeds \$10,000 shall be refunded 75% of the excess credit amount, and the remaining 25% of the credit amount may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

Proposed law retains present law for taxpayers whose tax liability is less than \$10,000; however, proposed law increases the refundable amount for taxpayers whose tax liability for ad valorem taxes paid to political subdivisions exceeds \$10,000 from 75% to 85%.

Present law requires the Dept. of Revenue to refund the excess tax credit amount to the taxpayer from current tax collections of income and corporate franchise taxes.

Proposed law retains present law.

Effective January 1, 2017, and shall be applicable for all taxable years beginning on and after such date.

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