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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 Original

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))