

2025 Regular Session

SENATE BILL NO. 65

BY SENATOR FOIL

TAX/TAXATION. Provides for the treatment of certain pass through entities under the inventory tax credit. (gov sig)

AN ACT

To amend and reenact R.S. 47:6006(A), the introductory paragraph of (B)(1), (2) and (4), relative to the tax credit for local inventory taxes paid; to prohibit trusts and estates from claiming the credit; to provide for the ability of cooperatives to claim the credit under certain circumstances; to provide for the ability of S corporations to claim the credit under certain circumstances; to provide for applicability; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:6006(A), the introductory paragraph of (B)(1), (2) and (4) are hereby amended and reenacted to read as follows:

§6006. Tax credits for local inventory taxes paid

A.(1) There shall be allowed a credit against Louisiana ~~individual~~ income tax for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers.

(2) There shall be allowed a credit against Louisiana ~~individual~~ income tax for ad valorem taxes paid to political subdivisions on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage

1 facilities.

2 ~~(3)(a) Notwithstanding the provisions of Paragraphs (1) and (2) of this~~  
3 ~~Subsection, no credit shall be allowed for taxpayers taxed as a C-corporation for~~  
4 ~~federal income tax purposes for taxable periods beginning on or after July 1, 2026.~~

5 **For payment of ad valorem taxes made on or after July 1, 2026, no taxpayer**  
6 **taxed for federal income tax purposes as either a C-corporation or an estate or**  
7 **trust subject to the tax levied pursuant to the provisions of R.S. 47:300.1 shall**  
8 **earn the credit provided for in Paragraphs (1) and (2) of this Subsection.**  
9 **However, the credit may be earned by cooperatives if the cooperative is allowed**  
10 **a federal income tax deduction for any patronage dividend paid or allocated to**  
11 **its members.**

12 **(b) For payments of ad valorem tax made on or after July 1, 2026, a**  
13 **taxpayer taxed as an S corporation for federal income tax purposes may earn**  
14 **the credit only with regard to amounts which flow-through to shareholders and**  
15 **in proportion to amounts calculated pursuant to R.S. 47:287.732(B).**

16 ~~(4) However, any such~~ **Any** taxpayer **prohibited from earning a credit**  
17 **pursuant to Subparagraph (3)(a) of this Subsection** may carry forward any  
18 remaining credits for an additional five years from the date that the credits would  
19 have expired under the provisions of this Section. This additional carry forward  
20 period shall not apply to any credits for which the carry forward period expired prior  
21 to January 1, 2025. For taxable periods beginning on or after January 1, 2025, credit  
22 amounts earned by taxpayers taxed as a C-corporation for federal income tax  
23 purposes that exceed the taxpayer's tax liability shall not be eligible for refund and  
24 may only be used as a credit against subsequent Louisiana corporation income tax  
25 liability.

26 **B.(1) Credits for taxes paid by corporations shall be applied to state**  
27 **corporation income taxes, unless an election to flow-through the credit pursuant**  
28 **to R.S. 47:287.732(B) has been made for the taxable period. If such an election**  
29 **has been made, the credit shall be claimed by the shareholders of the S**

1        corporation to the extent allowable thereunder. Credit for taxes paid by  
2        unincorporated persons and pass-through entities shall be applied to state ~~individual~~  
3        personal income taxes. The secretary shall make a refund to the taxpayer in the  
4        amount to which he is entitled from the current collections of the taxes collected  
5        pursuant to Chapter 1 of Subtitle II of this Title. If the amount of the credit  
6        authorized pursuant to Subsection A of this Section exceeds the amount of tax  
7        liability for the tax year, the following amounts of the excess credit shall either be  
8        refundable or may be carried forward as a credit against subsequent Louisiana  
9        ~~individual~~ personal income tax liability for a period not to exceed ten years, as  
10       follows:

11                                \*           \*           \*

12                (2) Each taxpayer allowed a credit under this Section shall claim the credit  
13        on its separately filed ~~individual~~ personal income tax return.

14                                \*           \*           \*

15                (4) Notwithstanding any provision in this Section to the contrary, for a  
16        manufacturer, as defined in Subparagraph (C)(3)(b) of this Section, if the amount of  
17        the credit authorized pursuant to Subsection A of this Section exceeds the amount  
18        of tax liability for the tax year, the excess credit shall not be refundable and may only  
19        be carried forward as a credit against subsequent Louisiana ~~individual~~ personal  
20        income tax liability for a period not to exceed ten years and shall not be refundable.

21                                \*           \*           \*

22        Section 2. The provisions of this Act shall be applicable to income tax periods  
23        beginning on or after January 1, 2025.

24        Section 3. This Act shall become effective upon signature by the governor or, if not  
25        signed by the governor, upon expiration of the time for bills to become law without signature  
26        by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
27        vetoed by the governor and subsequently approved by the legislature, this Act shall become  
28        effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Senate Legislative Services. The keyword, summary, 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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## DIGEST

SB 65 Engrossed

2025 Regular Session

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Present law provides an income tax credit for local ad valorem taxes on inventory paid by manufacturers and retailers.

Proposed law retains present law.

Present law prohibits the credit from being claimed to offset corporation income and franchise taxes for taxpayers taxed as C-corporations for taxable periods beginning on or after July 1, 2026; however, taxpayers using the credit to offset corporation income tax may carry forward any remaining credits for an additional five years from the date that the credits would have expired.

Proposed law changes the prohibition requirement for C-corporations from taxable periods beginning on or after July 1, 2026 to payments of ad valorem taxes made on or after July 1, 2026, and otherwise retains present law.

Proposed law clarifies that the prohibition is applicable to a C-corporation or an estate or trust subject to the tax levied pursuant to present law.

Proposed law authorizes a taxpayer taxed as an S corporation for federal income tax purposes to earn the credit but only for amounts for which an election to flow-through the credit to shareholders is made and in proportion to amounts calculated pursuant to present law.

Proposed law authorizes cooperatives to continue to claim the credit if the cooperative is allowed a federal income tax deduction for any patronage dividend paid or allocated to its members.

Present law authorizes the credit for taxes paid by unincorporated persons and pass-through entities to be applied to state individual income taxes.

Proposed law authorizes credits for taxes paid by corporations to be applied to state corporation income taxes, unless an election to flow-through the credit pursuant to present law has been made for the taxable period. Further provides that when the election to flow-through credits has been made, the credits shall be claimed by the shareholders of the S corporation to the extent allowable under present law.

Present law requires the credit to be claimed against state individual income tax.

Proposed law changes the reference to state personal income tax.

Applicable to taxable periods beginning on or after January 1, 2025.

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

(Amends R.S. 47:6006(A), (B)(1)(intro para), (2) and (4))

Summary of Amendments Adopted by SenateCommittee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Changes the cut-off date for C-corporations earning the inventory tax credit from taxable periods beginning on or after July 1, 2026 to taxes paid on or after July 1, 2026.
2. Allows cooperatives that are allowed a federal income tax deduction for patronage dividends paid or allocated to its members to continue to claim the credit regardless of how they file for federal income tax purposes.
3. Makes technical changes.