

2015 Regular Session

HOUSE BILL NO. 664

BY REPRESENTATIVE STOKES

TAX/INCOME-CREDIT: Defines" inventory" for purposes of the tax credit for ad valorem taxes paid on inventory

1 AN ACT

2 To amend and reenact R.S. 47:6006(C) and (D) and to enact R.S. 47:6006(E), relative to tax
3 credits; to provide for certain definitions; to provide for the amount of the credit; to
4 provide for renditions of inventory; to provide for an effective date; and to provide
5 for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:6006(C) and (D) are hereby amended and reenacted and R.S.
8 47:6006(E) is hereby enacted to read as follows:

9 §6006. Tax credits for local inventory taxes paid

10 * * *

11 C. For purposes of this Section, the following terms shall have the meaning
12 ascribed to them:

13 (1) The term "manufacturer" as used herein means a person engaged in the
14 business of working raw materials into wares suitable for use or which gives new
15 shapes, qualities, or combinations to matter which already has gone through some
16 artificial process.

17 (2) The term "distributor" as used herein means a person engaged in the sale
18 of products for resale or further processing for resale.

19 (3) The term "retailer" as used herein means a person engaged in the sale of
20 products to the ultimate consumer.

1 (4) The term "inventory" as used herein means the aggregate of those items
2 of tangible personal property that are held for sale in the ordinary course of business,
3 are currently in the process of production for subsequent sale, or are to physically
4 become a part of the production of such goods.

5 (a) "Inventory" shall include the following:

6 (i) Goods or commodities awaiting sale that include, but are not limited to,
7 the merchandise of a retail or wholesale concern, the finished goods of a
8 manufacturer, the commodities from farms, mines, and quarries, and goods that are
9 used or trade-in merchandise and by-products of a manufacturer.

10 (ii) Goods or commodities that are in the course of production.

11 (iii) Raw materials and supplies that will be consumed in the Louisiana
12 manufacturing process.

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

14 (i) Oil stored in tanks held by a producer prior to the first sale of the oil, and
15 oil otherwise exempt from ad valorem taxation pursuant to the provisions of the
16 Constitution of Louisiana.

17 (ii) Items that would otherwise be considered inventory at any time
18 following the initial lease of such items.

19 (iii) Items that would otherwise be considered inventory any time after the
20 taxpayer has commenced depreciating the item on the taxpayer's federal tax return.

21 (iv) Items that have been subject to any intervening use by the taxpayer or
22 is incidentally used by the taxpayer when owned for more than eighteen months.

23 (v) Items that are otherwise exempt from ad valorem taxation pursuant to the
24 provisions of the Constitution of Louisiana, including, goods, commodities, or
25 personal property stored in the state for use in interstate commerce as provided for
26 in Article VII, Section 21(D)(3) of the Constitution of Louisiana.

Proposed law excludes from the definition of "inventory" certain oil stored in tanks, items that would be considered inventory following the initial lease of the item, depreciation has commenced on the item for the purposes of a taxpayer's federal tax return, items subject to an intervening use by the taxpayer or has been owned by the taxpayer for longer than 18 months, and items otherwise exempt from ad valorem taxation pursuant to the La. Constitution.

Proposed law authorizes the secretary to require a taxpayer to file its rendition of inventory with the parish assessors rendition if there is a finding of overvaluation or misclassification of inventory in certain circumstances. Further authorizes the secretary to intervene in any proceeding related to the valuation or classification of property as inventory for which a credit will be claimed pursuant to present law.

Effective Jan. 1, 2016, and for all tax years thereafter.

(Amends R.S. 47:6006(C) and (D); adds R.S. 47:6006(E))