

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

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:6006(C) is hereby amended and reenacted and R.S. 47:6006(E)
8 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 Appeals or court that last reviews the matter, the secretary of the Department of
 2 Revenue may intervene in any proceeding related to the valuation or classification
 3 of property as inventory for which a credit will be claimed pursuant to this Section.
 4 Section 2. This Act shall become effective January 1, 2016 and shall be applicable
 5 to all tax years beginning on and after January 1, 2016.

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 664 Reengrossed

2015 Regular Session

Stokes

Abstract: Defines inventory for purposes of the inventory tax credit and authorizes the secretary of Dept. of Revenue to intervene in certain proceedings.

Present law authorizes an income or corporation franchise tax for ad valorem tax paid to political subdivisions on inventory held by manufacturers, distributors, and retailers and on certain natural gas. The amount of the tax is equal to 100% of taxes paid.

Proposed law defines "inventory" for the purpose of the credit to include certain items of tangible personal property that are being held for sale in the ordinary course of business, are in the process of production for subsequent sale, or are to become a part of the production of the good for sale.

Proposed law excludes from the definition of "inventory" certain oil that is stored in tanks, items that would be considered inventory following the initial lease of the item by the taxpayer, items for which depreciation has commenced for the purposes of a taxpayer's federal tax return, items that are subject to use 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 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 when there is a finding of overvaluation or misclassification of inventory in certain circumstances.

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

(Amends R.S. 47:6006(C); Adds R.S. 47:6006(E))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Delete provisions of proposed law that changed the amount of inventory tax credit.
2. Specify that tangible property has to be held "exclusively" for sale in the ordinary course of business for the purposes of qualifying as "inventory".

3. Delete provision of proposed law that authorized the secretary to require a taxpayer to file its rendition of inventory with the parish assessor when there has been a finding of overvaluation or misclassification of inventory for purposes of the inventory tax credit.

The House Floor Amendments to the engrossed bill:

1. With respect to items excluded from the definition of "inventory", add the qualification that items that would be considered inventory following the initial lease of the item be items leased by the taxpayer.
2. With respect to items excluded from the definition of "inventory", change the limitation from an intervening or incidental use of an item by the taxpayer to any use by the taxpayer for longer than 18 months.