

2016 First Extraordinary Session

SENATE BILL NO. 15

BY SENATOR MORRELL

TAX/TAXATION. Provides relative to the application of refundable tax credits. (Item #26)(gov sig)

1 AN ACT

2 To amend and reenact R.S. 47:1675(B) and to enact R.S. 47:1675(H)(1)(d), (e), (f), and (g),
3 relative to refundable tax credits; to provide for the ordering of tax credits and
4 payments; to provide relative to utilization of transferable tax credits in the Tax
5 Credit Registry; 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. 47:1675(B) is hereby amended and reenacted and R.S.
8 47:1675(H)(1)(d), (e), (f), and (g) are hereby enacted to read as follows:

9 §1675. General administrative provisions for credits against income and corporation
10 franchise tax

11 * * *

12 B. Priority of credits. ~~Unless otherwise provided in the statute granting the~~
13 ~~credit, the~~ **The** department ~~will~~ **shall** apply credits against income and corporation
14 franchise tax. **The provisions of this Subsection shall supersede and control to**
15 **the extent of conflict with any other provision of law. Credits and payments**
16 **shall be applied** in the following order:

17 (1) Current year nonrefundable credits with no carry forward.

1 **(g) A credit acquired through transfer can be applied to any allowable**
 2 **tax liability that is due for the year the credit was originally earned or to any**
 3 **year due afterward until the applicable carryforward period is over.**

4 * * *

5 Section 2. The provisions of this Act shall apply to all taxable periods beginning on
 6 or after January 1, 2016.

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

The original instrument was prepared by Leonore Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by McHenry Lee.

DIGEST

SB 15 Reengrossed

2016 First Extraordinary Session

Morrell

Present law provides for the ordering of nonrefundable tax credits, refundable tax credits, and payments.

Proposed law retains present law.

Present law provides that refundable credits shall be applied after all nonrefundable credits.

Proposed law changes the ordering of the application of tax credits and requires that refundable credits be applied before all other credits and payments of tax except for nonrefundable credits with no carry forward which will be applied first.

Proposed law requires that refundable credits that can be applied against both income and corporate franchise tax, be applied to income tax first.

Present law provides certain requirements on transferable income or corporation franchise tax credits.

Proposed law retains present law but adds the following additional requirements:

- (1) A tax credit cannot be claimed on a tax return or utilized as a payment prior to the effective date of transfer as reflected in the Tax Credit Registry, between the transferor and transferee.
- (2) To claim a credit on a tax return, the effective date of transfer, as reflected in the Tax Credit Registry must be on or before the due date of the return, without regard to the granting of any extension.
- (3) A tax credit with an effective date of transfer, as reflected in the Tax Credit Registry

after the due date of the return, without regard to the granting of any extension, may be utilized as a payment.

- (4) A credit acquired through transfer can be applied to any allowable tax liability that is due for the year the credit was originally earned or to any year due afterward until the applicable carryforward period is over.

Applicable to taxable periods beginning on or after January 1, 2016.

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

(Amends R.S. 47:1675(B); adds R.S. 47:1675(H)(1)(d), (e), (f), and (g))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Requires the Department of Revenue to apply nonrefundable credits with no carry forward before refundable credits.
2. Requires that refundable credits that can be applied against both income and corporate franchise tax, be applied to income tax first.

Senate Floor Amendments to engrossed bill

1. Adds certain requirements for transferable income or corporation franchise tax credits.