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DIGEST

SB 65 Reengrossed

2025 Regular Session

Foil

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 for payments made on or after July 1, 2026, 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 allows taxpayers prohibited from earning a credit because they are a C-corporation or an estate or trust to carry forward remaining credits for an additional five years from the date credits would have expired.

Proposed law changes the carry forward period from an additional five years to an additional ten years.

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 Senate

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

1. Change 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. Allow 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. Make technical changes.

#### Senate Floor Amendments to engrossed bill

1. Extend the additional carry forward period for certain taxpayers from and additional five years to an additional ten years.
2. Make technical changes.