

Present law provides for a credit against income or corporate franchise tax for the amount of any overpayment made by a taxpayer with gross receipts from business of \$500,000 or less as a result of failing to claim the inventory tax credit provided for in present law for each tax year from 1999 through 2002 for income taxes and for each tax year from 2000 through 2003 for corporate franchise taxes. The credit not previously claimed for these tax years may be claimed on amended returns until Dec. 31, 2007.

Present law provides that the credit shall be limited to \$10,000 per taxpayer and there shall be no more than \$500,000 of total credits granted. Further authorizes the Dept. of Revenue to audit for the purpose of determining the accuracy of and for offsetting the claim for the credit.

Proposed law would have changed present law to provide for a credit against income or corporate franchise tax for the amount of any overpayment made as a result of failing to properly claim the inventory tax credit provided for in present law for taxes filed for taxable years 1999 through 2003.

Present law authorizes a refund for any excess of allowable credit over the tax liabilities against which the credit can be applied.

Proposed law would have retained present law but would have provided that the refund for overpayment of the inventory tax shall bear no interest.

Proposed law would have required all claims for a tax credit pursuant to the provisions of proposed law to be filed no later than Dec. 31, 2011.

(Proposed to amend R.S. 47:6028)

VETO MESSAGE: "House Bill No. 614 by Representative Richard expands an exemption made for taxpayers who neglected to claim the state inventory tax credit.

Under current law, businesses which did not claim the inventory tax credit were able to claim a tax credit for overpayments made if the business had gross receipts of \$500 thousand or less, filed the credit for income tax years 1999-2002 or franchise tax years 2000-2003, and amended the returns in question by 2007. This credit for overpayments was capped at \$10 thousand per taxpayer and at \$500 thousand total.

House Bill No. 614 removes all of these restrictions and replaces it with a retroactive benefit. I question that this is the best use of state taxpayer dollars.

It is important that we protect scarce resources for priorities like healthcare and higher education. For this reason, I have vetoed House Bill No. 614 and hereby return it to the House."