2015 Regular Session

HOUSE BILL NO. 805

BY REPRESENTATIVE ADAMS

TAX CREDITS: Provides for the carry forward rather than the refund of a certain portion of the tax credits for ad valorem taxes paid to local governments

1	AN ACT
2	To amend and reenact R.S. 47:6006(A) and (B), relative to income and corporation franchise
3	tax credits; to provide with respect to the tax credit for ad valorem taxes paid on
4	inventory and certain natural gas; to provide with respect to authorization for
5	issuance of refunds for tax credits which exceed taxpayer tax liability; to provide for
6	certain limitations; to provide for effectiveness; and to provide for related matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 47:6006(A) and (B) are hereby amended and reenacted to read as
9	follows:
10	§6006. Tax credits for local inventory taxes paid
11	A.(1) There shall be allowed a credit against any Louisiana income or
12	corporation franchise tax for ad valorem taxes paid to political subdivisions on
13	inventory held by manufacturers, distributors, and retailers and.
14	(2) There shall be allowed a credit against any Louisiana income or
15	corporation franchise tax for ad valorem taxes paid to political subdivisions on
16	natural gas held, used, or consumed in providing natural gas storage services or
17	operating natural gas storage facilities.
18	B. Credit for taxes paid by corporations shall be applied to state corporate
19	income and corporation franchise taxes. Credit for taxes paid by unincorporated
20	persons shall be applied to state personal income taxes. The taxpayer shall be

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	entitled to a refund for any allowable credit which exceeds the aggregate tax liability
2	of the taxpayer for the taxes imposed by Chapter 1 and Chapter 5 of Subtitle II of
3	this Title. The secretary shall make such refund to the taxpayer in the amount to
4	which he is entitled from the current collections of the taxes collected pursuant to
5	Chapter 1 and Chapter 5 of such Subtitle II. If the amount of the credit authorized
6	pursuant to Subsection A of this Section exceeds the amount of tax liability for the
7	tax year, seventy-five percent of the excess credit shall be refundable and twenty-five
8	percent of the excess credit may be carried forward as a credit against subsequent
9	Louisiana income or corporation franchise tax liability for a period not to exceed five
10	years.
11	* * *
12	Section 2. The provisions of this Act shall apply to all claims for these credits on any
13	return filed on or after July 1, 2015, regardless of the taxable year to which the return relates.

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 805 Reengrossed	2015 Regular Session	Adams
U	0	

Abstract: Changes the tax credit for ad valorem taxes paid on certain inventory and natural gas <u>from</u> refundable credits to credits in which 75% of the excess credit amount shall be refundable and 25% of the excess credit amount may be carried forward and applied against subsequent tax liability for up to five years.

<u>Present law</u> provides for an income or corporation franchise tax credit for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers and on natural gas held or consumed in providing natural gas storage services or operating natural gas storage facilities. The amount of the credit shall be equal to 100% of the taxes paid to political subdivisions.

<u>Present law</u> provides that the taxpayer is entitled to a refund for any allowable credit which exceeds the aggregate tax liability of the taxpayer. Further requires the Dept. of Revenue to refund the excess tax credit amount to the taxpayer from current tax collections.

<u>Proposed law</u> changes the tax credit <u>from</u> a refundable credit <u>to</u> one in which 75% of excess credit amounts which exceed taxpayer liability shall be refundable and 25% of the excess credit amounts may be carried forward against subsequent income or corporation franchise tax liability for up to five years.

Applicable to all claims for these tax credits on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates.

(Amends R.S. 47:6006(A) and (B))

Summary of Amendments Adopted by House

- The Committee Amendments Proposed by <u>House Committee on Ways and Means</u> to the <u>original</u> bill:
- 1. Delete the income or corporation franchise tax credit for ad valorem taxes paid by a telephone company for public service property owned by the telephone company which is assessed by the La. Tax Commission at 25% of fair market value from the provisions of <u>proposed law</u>.
- 2. Change the tax credits from 100% nonrefundable to credits in which 75% of excess credit amounts which exceed taxpayer liability shall be refundable and 25% of the excess credit amounts may be carried forward against subsequent income or corporation franchise tax liability for up to five years.
- 3. Add applicability provision for all claims for these tax credits on returns filed on or after July 1, 2015, regardless of the taxable year to which the return relates.

The House Floor Amendments to the engrossed bill:

1. Delete the income or corporation franchise tax credit for ad valorem taxes paid on vessels in Outer Continental Shelf Lands Act Waters from the provisions of proposed law.