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## DIGEST

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HB 35 Original

2016 First Extraordinary Session

Jay Morris

**Abstract:** Increases the refundable amount of the ad valorem tax credit for taxpayers whose tax liability for local inventory taxes paid exceeds \$10,000 from 75% to 85%.

Present law provides for an income or corporation franchise tax credit for 100% of the ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers.

Present law provides that a taxpayer whose tax liability for ad valorem taxes paid to political subdivisions is less than \$10,000 shall be entitled to a refund for the full amount of any allowable credit which exceeds the aggregate tax liability of the taxpayer. Taxpayers whose tax liability for ad valorem taxes paid to political subdivisions exceeds \$10,000 shall be refunded 75% of the excess credit amount, and the remaining 25% of the credit amount may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

Proposed law retains present law for taxpayers whose tax liability is less than \$10,000; however, proposed law increases the refundable amount for taxpayers whose tax liability for ad valorem taxes paid to political subdivisions exceeds \$10,000 from 75% to 85%.

Present law requires the Dept. of Revenue to refund the excess tax credit amount to the taxpayer from current tax collections of income and corporate franchise taxes.

Proposed law retains present law.

Effective January 1, 2017, and shall be applicable for all taxable years beginning on and after such date.

(Amends R.S. 47:6006(B)(2))