

2016 First Extraordinary Session

SENATE BILL NO. 2

BY SENATOR MORRELL

TAX/TAXATION. Provides for the reduction of the amount of certain ad valorem tax credits and for carryforward rather than the refund of certain portion of excess credit amount. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 47:6006(A), (B), and (D), 6006.1(A) and (E), and 6014(A), and  
3 to repeal R.S. 47:6006.1(C) and 6014(D) and (E), relative to tax credits; to provide  
4 with respect to tax credits for ad valorem taxes paid on inventory, certain offshore  
5 vessels, and certain telephone company public service properties; to reduce the  
6 amount of the tax credits; to provide with respect to the issuance of refunds for tax  
7 credits which exceed taxpayer liability; to provide for an effective date; and to  
8 provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:6006(A), (B), and (D), 6006.1(A) and (E), and 6014(A) are  
11 hereby amended and reenacted to read as follows:

12 §6006. Tax credits for local inventory taxes paid

13 A.(1) There shall be allowed a credit against any Louisiana income or  
14 corporation franchise tax for ad valorem taxes paid to political subdivisions on  
15 inventory held by manufacturers, distributors, and retailers. **The amount of the**  
16 **credit is provided for in Subsection D of this Section.**

17 (2) There shall be allowed a credit against any Louisiana income or

1 corporation franchise tax for ad valorem taxes paid to political subdivisions on  
2 natural gas held, used, or consumed in providing natural gas storage services or  
3 operating natural gas storage facilities. **The amount of the credit is provided for**  
4 **in Subsection D of this Section.**

5 B. Credit for taxes paid by corporations shall be applied to state corporate  
6 income and corporation franchise taxes. Credit for taxes paid by unincorporated  
7 persons shall be applied to state personal income taxes. ~~The secretary shall make a~~  
8 ~~refund to the taxpayer in the amount to which he is entitled from the current~~  
9 ~~collections of the taxes collected pursuant to Chapter 1 and Chapter 5 of Subtitle II.~~  
10 ~~If the amount of the credit authorized pursuant to Subsection A of this Section~~  
11 ~~exceeds the amount of tax liability for the tax year, the following amounts of the~~  
12 ~~excess credit shall either be refundable or may be carried forward as a credit against~~  
13 ~~subsequent Louisiana income or corporation franchise tax liability for a period not~~  
14 ~~to exceed five years, as follows:~~

15 (1) ~~Eligible taxpayers whose ad valorem taxes paid to all political~~  
16 ~~subdivisions in the taxable year was less than ten thousand dollars shall be refunded~~  
17 ~~all of the excess credit.~~

18 (2) ~~Eligible taxpayers whose ad valorem taxes paid to all political~~  
19 ~~subdivisions in the taxable year was ten thousand dollars or more shall be refunded~~  
20 ~~seventy-five percent of the excess credit, and the remaining twenty-five percent of~~  
21 ~~the credit may be carried forward as a credit against subsequent tax liability for a~~  
22 ~~period not to exceed five years.~~

23 \* \* \*

24 D. The **amount of the** credit provided in this Section shall be ~~allowed~~ as  
25 follows:

26 (1) ~~For inventory taxes paid to political subdivisions on or after July 1, 1992,~~  
27 ~~and before June 30, 1993, the credit shall be twenty percent of such taxes paid.~~

28 (2) ~~For inventory taxes paid to political subdivisions on or after July 1, 1993,~~  
29 ~~and before June 30, 1994, the credit shall be forty percent of such taxes paid.~~

1                   ~~(3) For inventory taxes paid to political subdivisions on or after July 1, 1994,~~  
2                   ~~and before June 30, 1995, the credit shall be sixty percent of such taxes paid.~~

3                   ~~(4) For inventory taxes paid to political subdivisions on or after July 1, 1995,~~  
4                   ~~and before June 30, 1996, the credit shall be eighty percent of such taxes paid.~~

5                   ~~(5) For inventory taxes paid to political subdivisions on or after July 1, 1996,~~  
6                   ~~the credit shall be one hundred percent of such taxes paid.~~

7                   **(1) For inventory taxes paid to all political subdivisions prior to January**  
8                   **1, 2016, the credit provided for in this Section shall be inapplicable, inoperable,**  
9                   **and of no effect.**

10                  **(2) For inventory taxes paid on and after January 1, 2016, the amount**  
11                  **of the credit authorized pursuant to this Section shall be equal to eighty percent**  
12                  **of the inventory taxes paid to political subdivisions.**

13                  **(a) If the amount of the taxes paid to all political subdivisions is less than**  
14                  **ten thousand dollars in any one year and the amount of the credit authorized**  
15                  **pursuant to this Section exceeds the tax liability of the taxpayer for that year,**  
16                  **the excess credit amount shall constitute an overpayment, as defined in R.S.**  
17                  **47:1621(A), and the secretary of the Department of Revenue shall make a**  
18                  **refund of such overpayment to the taxpayer from the current collections of the**  
19                  **taxes collected pursuant to Chapter 1 and Chapter 5 of Subtitle II of this Title.**

20                  **(b) If the amount of the taxes paid to all political subdivision is ten**  
21                  **thousand dollars or more in any one year and the amount of the credit**  
22                  **authorized pursuant to this Section exceeds the tax liability of the taxpayer for**  
23                  **that year, seventy-five percent of the excess credit amount shall constitute an**  
24                  **overpayment, as defined in R.S. 47:1621(A), and the secretary of the**  
25                  **Department of Revenue shall make a refund of such overpayment to the**  
26                  **taxpayer from the current collections of the taxes collected pursuant to Chapter**  
27                  **1 and Chapter 5 of Subtitle II of this Title and the remaining twenty-five**  
28                  **percent of the excess credit amount may be carried forward as a credit against**  
29                  **subsequent Louisiana income or corporation franchise tax liability for a period**

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**not to exceed five years.**

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§6006.1. Tax credits for taxes paid with respect to vessels in Outer Continental Shelf  
Lands Act Waters

A. There shall be allowed a credit against any Louisiana income or corporation franchise tax for ad valorem taxes paid without protest to political subdivisions on vessels in Outer Continental Shelf Lands Act Waters as certified to the assessor pursuant to R.S. 47:1956(B) within the calendar year immediately preceding the taxable year of assessment of such vessel. **The amount of the credit is provided for in Subsection E of this Section.** For purposes of this Section, ad valorem taxes shall be deemed to be paid to political subdivisions when they are paid without protest either in money or by applying credits established pursuant to R.S. 47:2108.1.

\* \* \*

E.**(1)** The **amount of the** credit provided in this Section shall be ~~allowed~~ as follows:

~~(1) For ad valorem taxes on Outer Continental Shelf Lands Act Waters vessels paid to political subdivisions on or after July 1, 1994, and before June 30, 1995, the credit shall be sixty percent of such taxes paid.~~

~~(2) For ad valorem taxes on Outer Continental Shelf Lands Act Waters vessels paid to political subdivisions on or after July 1, 1995, and before June 30, 1996, the credit shall be eighty percent of such taxes paid.~~

~~(3) For ad valorem taxes on Outer Continental Shelf Lands Act Waters vessels paid to political subdivisions on or after July 1, 1996, the credit shall be one hundred percent of such taxes paid.~~

**(a) For ad valorem taxes paid to all political subdivisions prior to January 1, 2016, the credit provided for in this Section shall be inapplicable, inoperable, and of no effect.**

**(b) For ad valorem taxes paid on or after January 1, 2016, the amount**

1 of the credit authorized pursuant to this Section shall be equal to eighty percent  
 2 of the ad valorem taxes paid without protest to political subdivisions on vessels  
 3 in Outer Continental Shelf Lands Act Waters as certified to the assessor  
 4 pursuant to R.S. 47:1956(B) within the calendar year immediately preceding the  
 5 taxable year of assessment of the vessel. If the amount of the credit authorized  
 6 pursuant to this Section exceeds the tax liability of the taxpayer for that year,  
 7 seventy-five percent of the excess credit amount shall constitute an  
 8 overpayment, as defined in R.S. 47:1621(A), and the secretary of the  
 9 Department of Revenue shall make a refund of such overpayment to the  
 10 taxpayer and the remaining twenty-five percent of the excess credit amount may  
 11 be carried forward as a credit against subsequent Louisiana income or  
 12 corporation franchise tax liability for a period not to exceed five years.

13 (2) Refunds authorized by this Section shall be made to the taxpayer in  
 14 the amount to which he is entitled from the current collections of the taxes  
 15 collected pursuant to Chapter 1 and Chapter 5 of Subtitle II of this Title.

16 \* \* \*

17 §6014. Credit for property taxes paid by certain telephone companies; fund

18 A.(1) Pursuant to the provisions of this Section, there shall be allowed a  
 19 credit against Louisiana corporation or individual income taxes and Louisiana  
 20 corporation franchise tax for, ~~and in an amount equal to, forty percent of the~~  
 21 aggregate ad valorem taxes paid to political subdivisions of this state after December  
 22 31, 2000, by a telephone company, as defined in R.S. 47:1851(Q), with respect to  
 23 such telephone company's public service properties, as defined in R.S. 47:1851(M),  
 24 which are assessed by the Louisiana Tax Commission at twenty-five percent of fair  
 25 market value pursuant to R.S. 47:1854. The amount of the credit provided for in  
 26 this Section shall be as follows:

27 (a) For ad valorem taxes paid to all political subdivisions prior to  
 28 January 1, 2016, the credit provided for in this Section shall be inapplicable,  
 29 inoperable, and of no effect.

1           **(b) For ad valorem taxes paid on and after January 1, 2016, the amount**  
 2           **of the credit authorized pursuant to this Section shall be equal to thirty-two**  
 3           **percent of the ad valorem taxes paid to political subdivisions by a telephone**  
 4           **company with respect to company's public service properties assessed by the**  
 5           **Louisiana Tax Commission at twenty-five percent of fair market value. If the**  
 6           **amount of the credit authorized pursuant to this Section exceeds the tax liability**  
 7           **of the taxpayer for that year, seventy-five percent of the excess credit amount**  
 8           **shall constitute an overpayment, as defined in R.S. 47:1621(A), and the**  
 9           **secretary of the Department of Revenue shall make a refund of such**  
 10           **overpayment to the taxpayer and the remaining twenty-five percent of the**  
 11           **excess credit amount may be carried forward as a credit against subsequent**  
 12           **Louisiana income or corporation franchise tax liability for a period not to**  
 13           **exceed five years.**

14           **(2) Refunds authorized by this Section shall be made to the taxpayer in**  
 15           **the amount to which he is entitled from the current collections of the taxes**  
 16           **collected pursuant to Chapter 2 of Subtitle II of this Title.**

17                           \*       \*       \*

18           Section 2. R.S. 47:6006.1(C) and 6014(D) and (E) are hereby repealed in their  
 19           entirety.

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

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The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Leonore Heavey.

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DIGEST

SB 2 Original

2016 First Extraordinary Session

Morrell

Present law 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.

Proposed law eliminates the credit for all taxes paid before January 1, 2016, but retains the credit for taxes paid on or after January 1, 2016.

Present law authorizes an income and corporation franchise tax credit of 100% of the taxes paid to political subdivisions.

Proposed law changes the amount of the credit to 80% of the taxes paid to political subdivisions.

Present law authorizes the refundability of credits in excess of the income and franchise tax liability for taxpayers whose tax liability for ad valorem taxes paid to political subdivisions is \$10,000 or less. For taxpayers that paid more than \$10,000 in inventory tax, 75% of the credit that exceeds the income and franchise tax liability is refundable and the remaining 25% of the excess credit may be carried forward against subsequent income or corporation franchise tax liability for up to five years.

Proposed law retains present law.

Present law provides for an income or corporation franchise tax credit for ad valorem taxes paid without protest to political subdivisions on vessels in Outer Continental Shelf Lands Act Waters (OCS).

Proposed law eliminates the credit for all taxes paid before January 1, 2016, but retains the credit for taxes paid on or after January 1, 2016.

Present law authorizes an income and corporation franchise tax credit of 100% of the taxes paid on vessels in OCS to political subdivisions.

Proposed law changes the amount of the credit to 80% of the taxes paid to political subdivisions.

Present law provides for a refundable income or corporation franchise tax credit for ad valorem taxes paid to political subdivisions by telephone companies with respect to their public service properties that are assessed by the La. Tax Commission at 25%.

Proposed law eliminates the credit for all ad valorem taxes paid before January 1, 2016, but retains the ad valorem credit for taxes paid on or after January 1, 2016.

Present law authorizes an income and corporation franchise tax credit of 40% of the ad valorem taxes paid by telephone companies to political subdivisions.

Proposed law changes the amount of the credit to 32% of the ad valorem taxes paid to political subdivisions.

Present law requires the dedication of sales and use taxes imposed pursuant to R.S. 47:302, 321, and 331 attributable to the furnishing of interstate and international telecommunication services to the Telephone Company Property Assessment Relief Fund (the Fund).

Proposed law repeals this statutory dedication of such sales taxes.

Present law requires that refunds of the credit for ad valorem taxes by telephone companies be paid from the Fund.

Proposed law eliminates this requirement and authorizes the Department of Revenue to issue refunds of this credit from current collections of state sales and use tax.

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

(Amends R.S. 47:6006(A), (B), and (D), 6006.1(A) and (E), and 6014(A); repeals R.S. 47:6006.1(C) and 6014(D) and (E))