

2025 Regular Session

HOUSE BILL NO. 626

BY REPRESENTATIVE WRIGHT

TAX/SALES & USE: Extends the state and local sales and use tax exemption for ships and ships' supplies to certain digital products

1 AN ACT

2 To amend and reenact R.S. 47:305.1(A), (B), and (C)(3)(introductory paragraph) and (a),
3 relative to sales and use taxes; to provide for the sales and use tax exemption for
4 certain vessels; to extend the exemption to certain digital products; to provide for
5 definitions; to provide for an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:305.1(A), (B), and (C)(3)(introductory paragraph) and (a) are
8 hereby amended and reenacted to read as follows:

9 §305.1. Exclusions and exemptions; ships and ships' supplies

10 A. The tax imposed by taxing authorities shall not apply to sales of materials,
11 equipment, ~~and machinery, digital products, and any other tangible personal property~~
12 that which enter into and become component parts of ships, vessels, or barges,
13 including commercial fishing vessels, drilling ships, or drilling barges, of fifty tons
14 load displacement and over, built in Louisiana nor to the gross proceeds from the
15 sale of such ships, vessels, or barges when sold by the builder ~~thereof~~.

16 B. The taxes imposed by taxing authorities shall not apply to ~~materials and~~
17 ~~supplies~~ any tangible personal property or digital products purchased or received by
18 the owners or operators of ships, barges, or vessels, including drilling ships,
19 operating exclusively in foreign or interstate coastwise commerce, where ~~such~~
20 ~~materials and supplies~~ the tangible personal property or digital products are loaded

1 upon any ~~such~~ ship, barge, or vessel for use or consumption in the maintenance and
 2 operation thereof; nor to repair services performed upon such ships, barges, or
 3 vessels operating exclusively in foreign or interstate coastwise commerce; nor to ~~the~~
 4 ~~materials and supplies~~ tangible personal property or digital products used in ~~such~~ the
 5 repairs where ~~such materials and supplies~~ the tangible personal property or digital
 6 products enter into and become a component part of such ships, barges, or vessels;
 7 nor to laundry services, prewritten computer software access services, or information
 8 services provided to, received by, or performed for the owners or operators of ~~such~~
 9 ships, barges, or vessels operating exclusively in foreign or interstate coastwise
 10 commerce, where the laundered articles, prewritten computer software access
 11 services, or information services are to be used in the course of the maintenance or
 12 operation of ~~such~~ ships, barges, or vessels.

C.

* * *

15 (3) For purposes of this Section, the term "component part" or "component
 16 parts" shall mean and include any item or article of tangible personal property or
 17 digital product that is:

18 (a) Incorporated into, attached to, or placed or received upon a ship, vessel,
 19 barge, commercial fishing vessel, drilling ship, or drilling barge, (collectively
 20 referred to in this Section as "vessel" or "vessels",) during either (i) the construction
 21 of ~~such~~ the vessel in the case of the exemption provided in Subsection A of this
 22 Section, or (ii) the repair of ~~such~~ the vessel in the case of the exemption provided for
 23 in Subsection B of this Section;

* * *

25 Section 2. This Act shall become effective on July 1, 2025.

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 626 Original

2025 Regular Session

Wright

Abstract: Extends the state and local sales and use tax exemption for ships and ships' supplies to certain digital products, prewritten computer access services, and information services.

Present law exempts the following sales from state and local sales and use tax:

- (1) Materials, equipment, and machinery that enter into and become component parts of ships, vessels, or barges, including commercial fishing vessels, drilling ships, or drilling barges of more than 50 tons load displacement (vessels) that are built in La.
- (2) The gross proceeds received from the sale of vessels when sold by the builder.
- (3) Materials and supplies purchased by the owners or operators of vessels operating exclusively in foreign or interstate coastwise commerce, if the materials are loaded onto the vessel for use or consumption in the maintenance and operation of the vessel. This exemption includes repair services and laundry services performed on vessels operating exclusively in foreign or interstate coastwise commerce.

Proposed law retains present law but changes references from "materials and supplies" to "tangible personal property" and extends the exemption to digital products, including prewritten computer software access services or information services provided to and received by the owners or operators of vessels when these items are used in the course of the maintenance or operation of the vessels.

Present law defines a "component part" as any item or article of tangible personal property incorporated into, attached to, or placed on a vessel during either the construction or repair of the vessel. Proposed law adds digital products. Further extends the definition of "component part" to items received on a vessel during the construction or repair of the vessel.

Effective July 1, 2025.

(Amends R.S. 47:305.1(A), (B), and (C)(3)(intro. para.) and (a))