2019 Regular Session

HOUSE BILL NO. 599

BY REPRESENTATIVES LANCE HARRIS, ADAMS, AMEDEE, BACALA, BAGLEY, BARRAS, BERTHELOT, BILLIOT, CARMODY, STEVE CARTER, COUSSAN, CREWS, DEVILLIER, EDMONDS, EMERSON, FALCONER, GAROFALO, HILFERTY, HODGES, HORTON, HOWARD, HUVAL, MIKE JOHNSON, NANCY LANDRY, LEOPOLD, MACK, MCMAHEN, MIGUEZ, PUGH, PYLANT, SCHEXNAYDER, SEABAUGH, SIMON, AND THOMAS

TAX/SALES & USE: Reduces the rate of the .45% state sales and use tax levy over a certain period of time

1	AN ACT
2	To amend and reenact R.S. 47:321.1(A) through (C) and (G) and to repeal R.S. 47:321.1,
3	relative to state sales and use taxes; to reduce a certain state sales and use tax over
4	a certain period of time; to dedicate the avails of certain state sales and use tax; to
5	repeal a certain state sales and use tax; to provide for effectiveness; and to provide
6	for related matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 47:321.1 (A) through (C) and (G) are hereby amended and reenacted
9	to read as follows:
10	§321.1. Imposition of tax
11	A. In addition to the tax levied by R.S. 47:302(A), 321(A), and 331(A) and
12	collected under the provisions of Chapter 2 of this Subtitle, there is hereby levied an
13	additional tax upon the sale at retail, the use, the consumption, the distribution, and
14	the storage for use or consumption in this state of each item or article of tangible
15	personal property as defined in Chapter 2 of this Subtitle. The levy of said tax shall
16	be as follows:

1	(1)(a) Except as provided in Subparagraph (b) of this Paragraph, At at the rate
2	of forty-five hundredths of one percent of the sales price of each item or article of
3	tangible personal property when sold at retail in this state, the tax to be computed on
4	gross sales for the purpose of remitting the amount of tax to the state, and to include
5	each and every retail sale.
6	(b) Beginning July 1, 2020, the rate of the sales and use tax levied pursuant
7	to provisions of this Subsection on the sales price of each item or article of tangible
8	personal property when sold at retail in this state, the tax to be computed on gross
9	sales for the purpose of remitting the amount of tax to the state, and to include each
10	and every retail sale shall be reduced as follows:
11	(i) Beginning July 1, 2020, the rate shall be thirty-five hundredths of one
12	percent.
13	(ii) Beginning July 1, 2021, the rate shall be twenty-five hundredths of one
14	percent.
15	(iii) Beginning July 1, 2022, the rate shall be fifteen hundredths of one
16	percent.
17	(iv) Beginning July 1, 2023, through June 30, 2025, the rate shall be five
18	hundredths of one percent.
19	(2)(a) Except as provided in Subparagraph (b) of this Paragraph, At at the rate
20	of forty-five hundredths of one percent of the cost price of each item or article of
21	tangible personal property when the same is not sold but is used, consumed,
22	distributed, or stored for use or consumption in this state, provided that there shall
23	be no duplication of the tax.
24	(b) Beginning July 1, 2020, the rate of the sales and use tax levied pursuant
25	to provisions of this Subsection on the cost price of each item or article of tangible
26	personal property when the same is not sold but is used, consumed, distributed, or
27	stored for use or consumption in this state, provided that there shall be no duplication
28	of the tax shall be reduced as follows:

1	(i) Beginning July 1, 2020, the rate shall be thirty-five hundredths of one
2	percent.
3	(ii) Beginning July 1, 2021, the rate shall be twenty-five hundredths of one
4	percent.
5	(iii) Beginning July 1, 2022, the rate shall be fifteen hundredths of one
6	percent.
7	(iv) Beginning July 1, 2023, through June 30, 2025, the rate shall be five
8	hundredths of one percent.
9	B. In addition to the tax levied by R.S. 47:302(B), 321(B), and 331(B) and
10	collected under the provisions of Chapter 2 of this Subtitle, there is hereby levied a
11	tax upon the lease or rental within this state of each item or article of tangible
12	personal property, as defined by Chapter 2 of this Subtitle; the levy of the tax to be
13	as follows:
14	(1)(a) Except as provided in Subparagraph (b) of this Paragraph, At at the rate
15	of forty-five hundredths of one percent of the gross proceeds derived from the lease
16	or rental of tangible personal property, as defined in Chapter 2 of this Subtitle, where
17	the lease or rental of such property is in an established business, or part of an
18	established business, or the same is incidental or germane to the business.
19	(b) Beginning July 1, 2020, the rate of the sales and use tax levied pursuant
20	to provisions of this Subsection on the gross proceeds derived from the lease or
21	rental of tangible personal property, as defined in Chapter 2 of this Subtitle, where
22	the lease or rental of such property is in an established business, or part of an
23	established business, or the same is incidental or germane to the business shall be
24	reduced as follows:
25	(i) Beginning July 1, 2020, the rate shall be thirty-five hundredths of one
26	percent.
27	(ii) Beginning July 1, 2021, the rate shall be twenty-five hundredths of one
28	percent.

1	(iii) Beginning July 1, 2022, the rate shall be fifteen hundredths of one
2	percent.
3	(iv) Beginning July 1, 2023, through June 30, 2025, the rate shall be five
4	hundredths of one percent.
5	(2)(a) Except as provided in Subparagraph (b) of this Paragraph, At at the rate
6	of forty-five hundredths of one percent of the monthly lease or rental price paid by
7	a lessee or rentee, or contracted or agreed to be paid by a lessee or rentee to the
8	owner of the tangible personal property.
9	(b) Beginning July 1, 2020, the rate of the sales and use tax levied pursuant
10	to provisions of this Subsection on the monthly lease or rental price paid by a lessee
11	or rentee, or contracted or agreed to be paid by a lessee or rentee to the owner of
12	tangible personal property shall be reduced as follows:
13	(i) Beginning July 1, 2020, the rate shall be thirty-five hundredths of one
14	percent.
15	(ii) Beginning July 1, 2021, the rate shall be twenty-five hundredths of one
16	percent.
17	(iii) Beginning July 1, 2022, the rate shall be fifteen hundredths of one
18	percent.
19	(iv) Beginning July 1, 2023, through June 30, 2025, the rate shall be five
20	hundredths of one percent.
21	C. In addition to the tax levied on sales of services by R.S. 47:302(C),
22	321(C), and 331(C) and collected under the provisions of Chapter 2 of this Subtitle,
23	there is hereby levied a tax upon all sales of services in this state, as those services
24	are defined by Chapter 2 of this Subtitle, at the rate of forty-five hundredths of one
25	percent of the amounts paid or charged for the services. Beginning July 1, 2020, the
26	rate of the tax levied on all sales of services pursuant to the provisions of this
27	Subsection shall be reduced as follows:
28	(1) Beginning July 1, 2020, the rate shall be thirty-five hundredths of one
29	percent of the amounts paid or charged for the services.

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1	(2) Beginning July 1, 2021, the rate shall be twenty-five hundredths of one
2	percent of the amounts paid or charged for the services.
3	(3) Beginning July 1, 2022, the rate shall be fifteen hundredths of one percent
4	of the amounts paid or charged for the services.
5	(4) Beginning July 1, 2023, through June 30, 2025, the rate shall be five
6	hundredths of one percent of the amounts paid or charged for the services.
7	* * *
8	G. (1) Except as provided in Paragraph (2) of this Subsection, the The avails
9	of the tax collected under this Section shall be deposited immediately into the state
10	treasury, and, after compliance with the requirements of Article VII, Section 9(B) of
11	the Constitution of Louisiana, the state treasurer shall pay the remainder of the
12	monies into the state general fund.
13	(2) Beginning July 1, 2020, through June 30, 2025, five hundredths of one
14	percent of the avails of the tax imposed in this Section shall be credited to the Bond
15	Security and Redemption Fund, and after a sufficient amount is allocated from that
16	fund to pay all of the obligations secured by the full faith and credit of the state
17	which become due and payable within any fiscal year, the treasurer shall pay the
18	remainder of such funds into the Louisiana Early Childhood Education Fund
19	provided in and subject to the provisions of R.S. 17:407.30.
20	* * *
21	Section 2. R.S. 47:321.1 is hereby repealed in its entirety.
22	Section 3. Sections 1 and 3 of this Act shall become effective on July 1, 2020, and
23	Section 2 of 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)]

Abstract: Beginning July 1, 2020, reduces the .45% sales and use state tax levied over a period of five fiscal years to .05% and dedicates .05% of the sales and use tax to the La. Early Childhood Education Fund.

2019 Regular Session

<u>Present law</u> imposes a state sales and use tax on the sale, use, lease, or rental of tangible personal property and sales of services in the state pursuant to the following levies in the following amounts:

R.S. 47:302 - 2% R.S. 47:321 - 1% R.S. 47:321.1 - .45% R.S. 47:331 - .97% R.S. 51:1286 - .03%

<u>Proposed law</u> reduces the rate of the .45% state sales and use tax levied on the sale at retail, the use, the consumption, the distribution, and the storage for the use or consumption of tangible personal property, the monthly lease or rental price of items of tangible personal property, and services as follows:

- (1) Beginning July 1, 2020, the rate will be reduced to .35%
- (2) Beginning July 1, 2021, the rate will be reduced to .25%
- (3) Beginning July 1, 2022, the rate will be reduced to .15%
- (4) Beginning July 1, 2023, through June 30, 2025, the rate will be reduced to .05%

<u>Proposed law</u> dedicates .05% of the avails of the sales and use tax to the La. Early Childhood Education Fund.

Present law repeals the .45% levy of the state sales and use tax on July 1, 2025.

Proposed law retains present law.

Effective July 1, 2020.

(Amends R.S. 47:321.1(A) through (C) and (G); Repeals R.S. 47:321.1)

The House Floor Amendments to the engrossed bill:

- 1. Change the termination of the tax <u>from</u> July 1, 2023, <u>to</u> a further reduction of the tax <u>to</u> .05% from July 1, 2023, through June 30, 2025.
- 2. Dedicate .05% of the sales and use tax to the La. Early Childhood Education Fund from July 1, 2020, through June 30, 2025.
- 3. Change the date that <u>present law</u> and <u>proposed law</u> as it relates to the sales tax levied in R.S. 47:321.1 is repealed <u>from</u> July 1, 2023 to July 1, 2025.
- 4. Make technical corrections.