
DIGEST

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HB 9 Engrossed

2024 Third Extraordinary Session

Riser

Abstract: Imposes sales and use tax upon an enumerated set of services.

Present law imposes a state sales and use tax upon the sale, use, lease, or rental of tangible personal property, and upon the sale of certain services, which tax is composed of the following levies in the following amounts:

R.S. 47:302	.....	2.00%
R.S. 47:321	.....	1.00%
R.S. 47:321.1	.....	0.45%
R.S. 47:331	.....	0.97%
R.S. 51:1286	.....	0.03%

Present law terminates the 0.45% sales and use tax levy effective July 1, 2025.

Present law provides for general conformity of sales and use tax bases (the sets of goods and services subject to tax) of local taxing authorities with the state's sales and use tax base; but authorizes local taxing authorities, individually, to adopt certain sales and use tax exemptions for particular goods and services, allowing for dissimilarity between local bases and the state's base.

Present law imposes sales and use tax upon all tangible personal property which is not specifically exempted from such tax or excluded from the tax base by present law.

Present law does not impose sales and use tax upon services except for those specifically identified and enumerated in present law.

Proposed law retains and relocates provisions of present law identifying and enumerating services subject to state and local sales and use tax.

Proposed law adds to present law all of the following as services to which state and local sales and use tax shall apply:

- (1) Storage for boats and vessels of less than 50 tons load displacement and trailers.
- (2) Auto club services and fees including road and travel services.
- (3) Car wash services.

- (4) Coin-operated machines or devices that dispense only services and not merchandise, music, skill, or pleasure.
- (5) Installation, repair, and maintenance of taxable computer software, and related training.
- (6) Condominium timeshare and exchange services.
- (7) Dating and social matching services and marriage bureaus.
- (8) Delivery, shipping, freight, and transportation services associated with a taxable sale of tangible personal property.
- (9) Non-medical diet and weight reduction services including commercial weight loss services not prescribed by a healthcare provider.
- (10) Immovable property repair, maintenance, and installation services specified in proposed law (excluding new construction, reconstruction, and capital improvements as defined in proposed law).
- (11) Information services as defined in proposed law.
- (12) Interior decorating and design services.
- (13) Intrastate limousine, bus, and van transportation services and taxi cab and rideshare services.
- (14) Landscaping, lawn care, and horticulture services.
- (15) Linen supply services.
- (16) Lobbying services.
- (17) Machine and equipment operator services provided with machine or equipment rental.
- (18) Mailing services.
- (19) Marina services provided with respect to boats and vessels of less than 50 tons load displacement.
- (20) Personal fitness training services.
- (21) Pet grooming, boarding, sitting, training, and obedience services.
- (22) Photography and photographic studio services, including sitting fees.
- (23) Photofinishing and film development services.

- (24) Private process server services.
- (25) Public opinion and research polling services.
- (26) Quilting, embroidery, and monogramming services.
- (27) Repairs, maintenance, and installation of tangible personal property.
- (28) Repossession services.
- (29) Restroom operations and comfort station services.
- (30) Security services as defined in proposed law.
- (31) Personal shopping services for individuals.
- (32) Social event planning and coordination services and catering services.
- (33) Spa services, massages by massage parlors, and steam baths.
- (34) Rental of space for meetings, conventions, short-term business uses, entertainment events, weddings, banquets, parties, and other short-term social events.
- (35) With certain exceptions as provided in proposed law, furnishing of space for storage of tangible personal property by a person engaged in the business of furnishing storage space. (Expands present law on taxation of storage space which imposes sales tax only on the furnishing of cold storage.)
- (36) Skin tanning services.
- (37) Body modification services including tattooing, piercing, scarification, and branding.
- (38) Travel and travel package services including services of travel agents and travel clubs.
- (39) Cable television services, direct-to-home satellite services, video programming services, and satellite digital audio radio services.
- (40) Warranty agreements, extended warranty agreements, and service contracts.
- (41) With certain exceptions as provided in proposed law, waste collection and disposal services (excluding public or private municipal waste management)
- (42) Wrecking and towing services.

Present law requires that sales and use taxes on taxable goods and services be collected from any

seller who qualifies as a "dealer" as defined in present law.

Proposed law stipulates that solely for purposes of the sale of services which were not subject to sales and use tax prior to Jan. 1, 2025, the term "dealer" shall not include any person who sells a taxable service and whose gross revenue from the sale of services does not exceed, or is not reasonably expected to exceed, \$10,000 during the current calendar year. Provides that when a person's gross revenue from the sale of services which were not subject to sales and use tax in this state prior to Jan. 1, 2025, exceeds \$10,000 during a calendar year, the person shall be deemed a dealer and shall be subject to the requirements of present law relative to collection, reporting, and remittance of sales tax. Provides, however, that the exemption from "dealer" status established by proposed law shall not apply to any of the following persons:

- (1) Any person who, in addition to selling services, sells tangible personal property or taxable digital products.
- (2) Any person whose gross revenue from the sale of services exceeded \$10,000 in any previous calendar year.

Present law provides that the defined term "telecommunications service", for purposes of the imposition of sales and use tax on such service, shall not include ancillary services. Proposed law repeals present law.

Proposed law authorizes a tax credit for providers of cable television services and direct-to-home satellite services for the local franchise tax on gross receipts from cable service and video service. Provide that the credit shall be equal to the amount of local franchise tax payable to a political subdivision pursuant to an ordinance adopted in accordance with present law and passed through to subscribers.

Proposed law requires the secretary of the Dept. of Revenue to waive penalties assessed against certain person pursuant to present law due to failure to properly collect or report sales and use tax imposed on a service which was not taxable prior to Feb. 1, 2025.

Proposed law applies to taxable periods beginning on or after Feb. 1, 2025.

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

(Amends R.S. 47:301(14)(intro. para.); Adds R.S. 47:301(4)(f)(iv), 301.3, and 1603(D); Repeals R.S. 47:301(14)(a)–(k) and (29)(x)(viii))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Revise the definition of "accommodations intermediary" provided in proposed law to

exclude hotel owners from that definition.

2. Expand part of the definition of "capital improvement" referring to remodeling, as provided in proposed law, to refer to both residential and commercial remodeling and industrial facility remodeling. Define "industrial facility remodeling for purposes of proposed law.
3. Stipulate that for purposes of proposed law, residential remodeling and commercial remodeling shall not include industrial facility remodeling.
4. Revise the definition of "furnishing" provided in proposed law.
5. Modify the description of delivery, shipping, freight, and transportation services that would become taxable pursuant to proposed law.
6. Include services to replace, alter, modify, or upgrade an existing industrial facility, where there is no increased capacity as defined in proposed law, within the set of immovable property repair, maintenance, and installation services that would become taxable pursuant to proposed law.
7. Revise the exclusions from immovable property repair, maintenance, and installation services to provide that, for purposes of proposed law, such services shall not include any of the following:
 - (a) Any service used to fulfill an immovable property contract as defined in proposed law.
 - (b) Any installation defined in proposed law as a capital improvement.
 - (c) Maintenance services provided as part of a scheduled, periodic shutdown of all or a part of industrial facility operations in order to perform work necessary to sustain or support safe, efficient, continuous operations, or to prevent the decline, failure, lapse, or deterioration of equipment in the facility if the charge for labor is separately stated to the purchaser.
 - (d) The labor to repair immovable property within a state-declared or federally declared disaster area if the property is damaged by the condition or occurrence that caused the disaster declaration and the charge for the labor is separately stated to the customer.
8. Authorize a tax credit for providers of cable television services and direct-to-home satellite services for the local franchise tax on gross receipts from cable service and video service. Provide that the credit shall be equal to the amount of local franchise tax payable to a political subdivision pursuant to an ordinance adopted in accordance with present law and passed through to subscribers.

9. Require the secretary of the Dept. of Revenue to waive penalties assessed against certain person pursuant to present law due to failure to properly collect or report sales and use tax imposed on a service which was not taxable prior to Feb. 1, 2025.