

GREEN SHEET REDIGEST

HB 578

2025 Regular Session

Emerson

**TAX/SALES & USE: Provides with respect to state and local sales and use taxes and exemptions to those taxes.**

DIGEST

Present law imposes state sales and use taxes on the sale, use, lease, or rental of tangible personal property and digital products pursuant to the following levies in the following amounts:

- (1) R.S. 47:302 - 2%
- (2) R.S. 47:321 - 1%
- (3) R.S. 47:321.1 - 1%
- (4) R.S. 47:331 - 1%

Present law provides for the reduction in the state sales tax rate from 5% to 4.75% beginning Jan. 1, 2030.

Present law requires the treasurer to deposit in and credit 0.3% of the avails of the 1% state sales tax levied pursuant to R.S. 47:331 for purposes of assisting the state in the promotion of tourism.

Proposed law changes the amount of the dedication to the promotion of tourism from 0.3% of the avails of the 1% state sales tax levied pursuant to R.S. 47:331 to 3% of the avails of the 1% state sales and use tax levied pursuant to R.S. 47:331.

Present law defines a "dealer" as every person who manufactures or produces tangible personal property or digital products for sale at retail, for use, or consumption, or distribution, or for storage to be used or consumed in a taxing jurisdiction. "Dealer" also includes any person who sells for delivery into La. tangible personal property, products transferred electronically, or services, and who does not have a physical presence in La., if during the previous or current calendar year the person's gross revenue for sales delivered into this state exceeded \$100,000 from sales of tangible personal property, products transferred electronically, or services.

Proposed law retains present law but adds digital products to the items that a person sells or delivers into this state by persons who do not have a presence in La. and adds digital products to the sales or transfers that are used in calculating the \$100,000 sales threshold.

Present law provides that state and local sales taxes apply to repairs and maintenance of tangible personal property including the repair and servicing of items such as automobiles, vehicles, boats and vessels, electrical and mechanical appliances and equipment, furniture, rugs, flooring, watches, clocks, jewelry, and refrigerators.

Proposed law retains present law but removes flooring from the list of services subject to state and local sales and use tax.

Present law provides that sales taxes of *any taxing authority* shall apply to the providing of information services including cable television services, direct-to-home satellite services, video programming services, and satellite digital audio radio services, and global positioning system services including driving directions and sports, news, and similar information provided through satellite audio programming services.

Proposed law changes present law by providing that cable television services, direct-to-home satellite services, video programming services provided by cable television and satellite

service providers, and satellite digital audio radio services shall only be subject to *state* sales tax.

Proposed law exempts the lease or rental of motor vehicles by licensed motor vehicle dealers or vehicle manufacturers for their use in furnishing leased or rented motor vehicles to their customers in performance of their obligations under warranty agreements associated with the purchase of a motor vehicle or when the applicable warranty has lapsed and the leased or rented motor vehicle is provided to the customer at no charge from sales taxes of any taxing authority.

Present law exempts educational materials or equipment used for classroom instruction by approved parochial and private elementary and secondary schools from the sales and use tax imposed by taxing authorities. Further exempts the sale of admissions to athletic and entertainment events held for or by parochial, and private elementary and secondary schools.

Proposed law retains present law but adds the purchase, lease, or rental of educational materials to the items exempted from sales and use tax. Further extends the exemption for admissions to athletic and entertainment events held at schools to include public schools.

Present law provides that any municipal corporation, parish, sewerage, or water district that enters into a contract with a private nonprofit company to construct or operate a sewerage or wastewater treatment facility shall be exempt from the same sales tax as the municipal corporation, parish, sewerage, or water district.

Proposed law changes present law to provide that any private nonprofit company that enters into a contract with a municipal corporation, parish, sewerage, or water district to construct or operate a sewerage or wastewater treatment facility shall be exempt from the same sales tax as the municipal corporation, parish, sewerage, or water district.

Present law exempts digital products used by licensed healthcare facilities and providers for storing or transmitting healthcare information or for the diagnosis or treatment of a medical condition from sales taxes imposed by taxing authorities.

Proposed law retains present law but extends the sales tax exemption to computer software or prewritten computer software access services used by licensed healthcare facilities and providers for storing or transmitting healthcare information or for the diagnosis or treatment of a medical condition.

Proposed law adds exemptions from sales taxes imposed by taxing authorities for the following:

- (1) Admission charges for, outside gate admissions to, or parking fees associated with, events sponsored by domestic, civic, educational, historical, charitable, fraternal, or religious organizations, which are nonprofit, when the entire proceeds, except for necessary expenses are used for educational, charitable, religious, or historical restoration purposes. (R.S. 47:305.14)
- (2) Purchases by a nonprofit organization which conducts a comprehensive program on sickle cell disease which includes free education, free testing, free counseling, and free prescriptions, transportation, and food packages for sickle cell patients. (R.S. 47:305.21)
- (3) Sales of construction materials for Habitat for Humanity. (R.S. 47:305.22)
- (4) Purchases by qualifying radiation therapy treatment centers for or software used to operate capital equipment. (R.S. 47:305.64)

Present law provides for a state sales and use tax exemption for the sale, purchase, lease, or the importation of motor vehicles, trailers, or semitrailers as defined in present law stored, used, or consumed in this state exclusively for lease or rental, provided that the gross proceeds derived from the lease or rental of the property not previously taxed shall be at reasonable market rates.

Proposed law retains present law but extends the exemption to local sales and use taxes thereby making the exemption applicable to taxes levied by all taxing authorities.

Proposed law provides for establishment of the Local Revenue Fund as a special fund in the state treasury (hereinafter "fund"). After allocation of money to the Bond Security and Redemption Fund as provided for in present constitution, the treasurer is required to deposit in and credit to the fund the avails of the additional 5% tax levied in present law on telecommunications services, cable televisions services, direct-to-home satellite services, video programming services, and satellite digital audio radio services in this state and any other revenue dedicated to the fund by the legislature.

Proposed law requires monies in the fund to be used solely for distribution to ad valorem tax recipient bodies within a parish to offset losses attributable to business inventory exemptions to the ad valorem tax granted by a parish.

Present law provides a state sales tax exemption for adaptive driving equipment and motor vehicle modifications prescribed or personal use by a physician, a licensed chiropractor, or a driver rehabilitation specialist.

Proposed law exempts adaptive driving equipment and motor vehicle modifications prescribed or personal use by a physician, a licensed chiropractor, or a driver rehabilitation specialist from sales and use taxes imposed by any taxing authority.

Present law provides that the sales and use tax imposed by the state or any of its political subdivisions shall not apply to the purchase, use, or lease of certain qualifying trucks and requires that a qualifying truck be registered as a Class 1 vehicle as defined in present law.

Proposed law adds a requirement that a Class 1 vehicle be registered in Louisiana and otherwise retains present law.

Present law provides any political subdivision that is authorized by the constitution and laws of the state to levy and impose a sales and use tax which proposition is approved by a majority shall impose, levy, administer, and collect such tax by local ordinance.

Present law requires the local ordinance to contain the rate of such sales and use tax, the effective date of such tax, the term of the tax, vendor's compensation, exclusions and exemptions adopted pursuant to legislation enacted, and the penalty, interest, or attorney fees due on the sales and use tax.

Proposed law further requires the local ordinance to contain the purposes for which the tax proceeds shall be used.

Present law authorizes a political subdivision to provide for a sales and use tax exemption for the sales, purchase, or lease and rental price of manufacturing machinery and equipment.

Proposed law provides that any local ordinance or resolution adopting an exemption for the lease or rental price of manufacturing machinery and equipment in effect on December 31, 2024, shall remain in effect, even if the ordinance or resolution does not adopt all of the statutory sales tax definitions, exemptions, and limitations for the exemption as provided in present law.

Present law provides that political subdivisions, including municipalities and parishes, may provide for a sales and use tax exemption for the amount paid by qualifying radiation therapy treatment centers for the purchase, lease, or repair of capital equipment and the purchase, lease, or repair of software used to operate capital equipment.

Proposed law moves provisions of present law.

Proposed law provides that except for exemptions required by law, a political subdivision may provide for a local sales and use tax exemption for certain medical exemptions exempt from state taxes in present law.

Proposed law authorizes a political subdivision by ordinance or resolution to provide for an optional local sales tax exemption but requires the ordinance or resolution to adopt all of the definitions, exemptions, and limitations included in the state sales tax statute.

Proposed law exempts charges for repairs to tangible personal property when the repaired property is delivered to a common carrier or to the U.S. Postal Service for transportation outside the state or delivered outside the state by use of the repair dealer's own vehicle or by use of an independent trucker from sales taxes from any taxing authority. Proposed law further provides that the delivery of aircraft may be made by the best available means and offshore areas shall not be considered another state for the purposes of this exemption.

Present law provides that the tax imposed by any taxing authority shall not apply to sales of materials, equipment, and machinery that enter into and become component parts of certain ships, vessels, or barges.

Proposed law adds software to the exemption, limits the exemption to certain vessels, and otherwise retains present law.

Present law provides that taxes imposed by any taxing authority shall not apply to materials and supplies purchased by the owners or operators of certain ships, barges, or vessels; repair services performed upon such ships, barges, or vessels; or laundry services performed for the owners or operators of such ships, barges, or vessels.

Proposed law adds software, digital goods, prewritten computer software access services, and certain information services to the exemption, limits the exemption to certain vessels, and otherwise retains present law.

Proposed law shall not be construed to exempt purchases of software, digital products, or services that are used for routine business operations not specific to the commercial operations of a vessel or for entertainment, leisure, or recreation of crew members or any other person on the vessel.

Proposed law defines a "vessel" to mean a ship, vessel, or barge, including a commercial fishing vessel, drilling ship, or drilling barge.

Present law provides the sales and use tax imposed by taxing authorities shall not apply to the purchase, lease, or rental of items of tangible personal property or services by a regionally accredited independent institution of higher education which is a member of the Louisiana Association of Independent Colleges and Universities, if the purchase, lease, or rental is directly related to the educational mission of the institution.

Proposed law adds an exemption for the purchase, lease, or rental of tangible personal property or services by the Edward Via College of Osteopathic Medicine, if the purchase, lease, or rental is directly related to the educational mission of the institution.

Present law exempts the state, any parish, city and municipality, district, or other political subdivision thereof, or any agency, board, commission, or instrumentality of this state or its political subdivisions from sales and use taxes imposed by any taxing authority.

Proposed law extends the sales tax exemption for governmental transactions to purchases made by general contractors or their subcontractors related to work performed by such contractors pursuant to construction contracts for public projects for state and local governments or to any agency, board, commission or instrumentality of the state or its political subdivisions.

Proposed law requires the general contractor or their subcontractor to obtain a certificate of exemption from the secretary of the Department of Revenue, hereinafter DOR, prior to claiming the exemption. Further provides that the certificate of exemption shall be in a form and manner prescribed by the secretary.

Proposed law provides that information services shall not include multiple listing services.

Proposed law provides that purchases made by general contractors or their subcontractors for construction projects on property owned by a public entity and leased to a private entity as part of a payment in lieu of taxes or other similar agreement shall not qualify for the exemption.

All provisions of proposed law, except provisions with respect to exemptions relative to certain repair services, software and digital products as a part of ships and ships' supplies, the purchase, lease or rental of educational materials by the Edward Via College of Osteopathic Medicine, and certain purchases by general contractors for public projects, are applicable to taxable periods beginning on or after January 1, 2025.

All provisions of proposed law with respect to certain repair services, software and digital products as a part of ships and ships' supplies, the purchase, lease or rental of educational materials by the Edward Via College of Osteopathic Medicine, and certain purchases by general contractors for public projects are applicable to taxable periods beginning on or after July 1, 2025.

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

(Amends R.S. 47:301(3)(a), (4)(k)(i), (10), (13)(a), (16)(d), (18)(a) and (c)(i), and (27)(x)(ix), 301.1(F), 301.3(7)(a) and (10)(a), 305.1(A), (B), (C)(1)(intro para) and (c) and (3)(a), 305.2(A)(5), 305.6(1), (5) and (6), 305.7(A)(1) and (2), 305.12(D), 305.33, 305.36(A), (B), and (C)(1), 305.50(A)(2)(b)(i), 305.75(A), 321(A), 321.1(A), (B), and (C)(2), 331(A) and (B), and 337.10(A) and (D) and R.S. 51:1286(A); adds R.S. 39:100.118 and R.S. 47:301.3(10)(b)(v) and (11), 305(E)(4) and (L), 305.1(C)(6), 305.2(B)(13), 305.14, 305.21, 305.22, 305.64, 337.4(B)(4), and 337.10(E); repeals R.S. 47:301.6(B) and (C), 305.2(A)(4), and 305.36(E))

#### Summary of Amendments Adopted by House

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

1. Remove provisions in proposed law relative to prohibiting fees or taxes from being imposed or levied on nongaming incentives or inducements granted by a licensee to a patron on a complimentary basis.
2. Remove the repeal of the provisions of present law relative to lease agreements for the rental of certain trucks and trailers wherein the lessor is authorized to retain taxes collected on these leases.
3. Extend the sales tax exemption for digital products used by licensed healthcare facilities and providers for storing or transmitting healthcare information or for the diagnosis or treatment of a medical condition to computer software or prewritten computer software access services.
4. Make technical changes.

The Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill:

1. Add establishment of the Local Revenue Fund to which deposits of the avails of the additional 5% state tax levied on telecommunications services, cable televisions services, direct-to-home satellite services, video programming services, and satellite digital audio radio services in this state shall be used to offset losses attributable to business inventory exemptions to ad valorem tax granted by parishes.
2. Remove the repeal of provisions in present law relative to prohibiting fees or taxes from being imposed or levied on nongaming incentives or inducements granted by a licensee to a patron on a complimentary basis.

3. Accelerate the reduction in the state sales tax levied pursuant to present law (R.S. 47:321.1) from 1% to .75% subject to statewide adoption and effectiveness of the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. 472 of this 2025 R.S. of the Legislature.
4. Add limitation that all provisions of proposed law except those with respect to accelerating the reduction in the state sales tax levied pursuant to R.S. 47:321.1 from 1% to .75% shall be applicable to taxable periods beginning on or after Jan. 1, 2025.
5. Direct the La. State Law Institute to change references in present law that dedicate portions of the state tax levied on the service of renting sleeping rooms, cottages, or cabins by hotels from R.S. 47:301(14)(a) to R.S. 47:301.3(1).

The House Floor Amendments to the reengrossed bill:

1. Add an effective date for proposed law with respect to accelerating the reduction in the state sales tax levied pursuant to present law (R.S. 47:321.1) of Jan. 1, 2027.
2. Change the bill reference to which the effectiveness of proposed law with respect to accelerating the reduction in the state sales tax levied pursuant to present law (R.S. 47:321.1) is tied from House Bill No. 472 to House Bill No. 678.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the re-reengrossed bill

1. Exempt adaptive driving equipment and motor vehicle modifications prescribed or personal use by a physician, a licensed chiropractor, or a driver rehabilitation specialist from sales and use taxes.
2. Require a local ordinance authorizing a sales tax to contain the purposes for which the tax proceeds will be used.
3. Provide that any local ordinance or resolution adopting an exemption for the lease or rental price of manufacturing machinery and equipment in effect on December 31, 2024, shall remain in effect, even if the ordinance or resolution does not adopt all of the statutory sales tax definitions, exemptions, and limitations for the exemption as provided in law.
4. Authorize a political subdivision to provide for a sales and use tax exemption as provided in statute for medical exemptions to state sales tax with certain exceptions as required by law.
5. Authorize a political subdivision by ordinance or resolution to provide for an optional sales tax exemption and require the ordinance or resolution to adopt all of the definitions, exemptions, and limitations included in the state sales tax statute.
6. Exempt from the sales and use taxes of any taxing authority charges for the furnishing of repairs to tangible personal property in Louisiana, when the repaired property is delivered out of state by a common carrier or to the U.S. Postal Service in certain circumstances.
7. Prohibit the use of the exemption for charges for the furnishing of repairs to tangible personal property for an offshore area.
8. Add software to the exemption from sales and use taxes of any taxing authority for ships and ship's supplies in certain circumstances.
9. Define the term 'vessel'.

10. Add an exemption for purchase, lease, or rental of tangible personal property or services by the Edward Via College of Osteopathic Medicine if the purchase, lease, or rental is directly related to the educational mission of the institution.
11. Extend the sales tax exemption for governmental transactions to purchases made by general contractors or their subcontractors on construction contracts for public projects.
12. Provide for the administration of the exemption for purchases made by contractors and their subcontractors.
13. Provide for applicability of proposed law.
14. Exclude multiple listing services from information services.
15. Eliminate provisions accelerating the reduction in the state sales and use tax rate from 1% to 0.75%.
16. Eliminate provisions authorizing a taxpayer to claim a refund of certain sales tax paid on sales transactions.
17. Make technical changes.