

First Extraordinary Session, 2005

HOUSE BILL NO. 108

BY REPRESENTATIVES SCALISE, ALEXANDER, BEARD, BOWLER, BRUNEAU, BURNS, CROWE, DOVE, DOWNS, ERDEY, GEYMAN, GREENE, HUTTER, JOHNS, KATZ, KENNARD, KLECKLEY, LABRUZZO, LAMBERT, LANCASTER, MARTINY, MCVEA, MORRISH, PITRE, M. POWELL, T. POWELL, SCHNEIDER, SMILEY, JANE SMITH, STRAIN, TOOMY, TRAHAN, TUCKER, WADDELL, WALSWORTH, WHITE, AND WINSTON AND SENATORS BARHAM, BOASSO, CAIN, DARDENNE, HOLLIS, KOSTELKA, LENTINI, MALONE, MICHOT, QUINN, ROMERO, SCHEDLER, AND THEUNISSEN

TAX/SALES & USE: Exempts manufacturing machinery and equipment purchased to replace certain hurricane-damaged equipment (Item #15)

1 AN ACT

2 To enact R.S. 47:305.54 and to repeal R.S. 47:305.54, relative to the state sales and use tax;
3 to provide that the state sales or use tax shall not apply to manufacturing machinery
4 and equipment purchased, leased, or rented by manufacturers for use in the
5 replacement of hurricane-damaged equipment; to provide for the applicability of
6 certain definitions; to provide for an effective date and expiration date for the Act;
7 and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:305.54 is hereby enacted to read as follows:

10 §305.54. Exclusions and exemptions; manufacturing machinery and equipment
11 A. Notwithstanding any provision of law to the contrary, the sales and use
12 tax levied by the state and any political subdivision whose boundaries are
13 coterminous with those of the state shall not apply to machinery and equipment
14 repaired, purchased, leased, or rented and used by a manufacturer in a plant facility
15 predominately and directly in the actual manufacturing for agricultural purposes or
16 the actual manufacturing process of an item of tangible personal property which is

1 for ultimate sale to another and not for internal use at one or more fixed locations
2 within Louisiana.

3 B. For purposes of this Section, "machinery and equipment",
4 "manufacturer", "manufacturing", "manufacturing for agricultural purposes", "plant
5 facility", and "used directly" shall have the same meaning as defined in R.S.
6 47:301(3)(i)(ii).

7 C. This Section shall apply only to manufacturing machinery and equipment
8 repaired or that will serve as replacement for equipment damaged or destroyed by
9 Hurricane Katrina or Rita.

10 D. The secretary of the Department of Revenue is authorized to promulgate
11 rules for the administration of the provisions of this Section.

12 Section 2. R.S. 47:305.54 is hereby repealed in its entirety.

13 Section 3. Sections 1 and 3 of this Act shall become effective upon signature by the
14 governor or, if not signed by the governor, upon expiration of the time for acts to become
15 effective without signature by the governor, as provided for by Article III, Section 18 of the
16 Constitution of Louisiana. Section 2 of this Act shall become effective on June 30, 2007.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

Scalise

HB No. 108

Abstract: Exempts manufacturing machinery and equipment purchased to replace hurricane-damaged equipment from the state sales and use tax.

Present law phases in an exclusion of a portion of the cost price (use tax) and sales price (sales tax) and lease or rental price of machinery and equipment used in a trade or business. Specifically the reduction is as follows:

| <u>Taxable Period</u> | <u>Reduction of cost or sales price</u> |
|---|---|
| For the period beginning on 7/1/05 and ending on 6/30/06 | 19% |
| For the period beginning on 7/1/06 and ending on 6/30/07 | 35% |
| For the period beginning on 7/1/07 and ending on 6/30/08 | 44% |

For the period beginning on 7/1/08
and ending on 6/30/09 68%

For the period beginning on 7/1/09
and ending on 6/30/10 82%

For all taxable periods beginning on or after 7/1/10 100%

Proposed law provides a total state sales tax exemption for repair or replacement of eligible manufacturing equipment damaged or destroyed by Hurricane Katrina or Rita.

These provisions are effective upon signature of governor or lapse of time for gubernatorial action.

This special exemption is repealed on June 30, 2007.

(Adds R.S. 47:305.54; Repeals R.S. 47:305.54)