
DIGEST

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Hammett

HB No. 39

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 through June 30, 2007, for replacement or repair of eligible manufacturing equipment and machinery damaged or destroyed by Hurricane Katrina or Rita which were uninsured or under insured.

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

(Adds R.S. 47:305.54)