

Existing 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%

New law provides a total state sales and use tax exemption through June 30, 2007, for replacement or repair of eligible manufacturing equipment and machinery damaged or destroyed by Hurricane Katrina or Rita.

Effective upon signature of governor (December 6, 2005).

(Adds R.S. 47:305.54)