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## DIGEST

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Ritchie

HB No. 405

**Abstract:** Reduces the rate for a portion of the state sales and use tax from 2% to 1% on the retail sale, use, consumption, distribution, lease, rental, and storage or certain items of tangible personal property and on certain services.

Present law provides for the levy of a tax on the retail sale, the use, the consumption, the distribution, and the storage for use or consumption in La., of each item of tangible personal property (TPP), as defined in present law, as follows:

- (1) 2% of the sales price of each item of TPP when sold at retail in La. to be computed on gross sales.
- (2) 2% of the cost price of each item of TPP when used, consumed, distributed, or stored for use or consumption in La., provided there is no duplication of the tax.

Present law provides for the levy of a tax on the lease or rental within La. of each item of TPP as follows:

- (1) 2% of the gross proceeds derived from the lease or rental of TPP, when the lease or rental of such property is an established business, part of an established business, or is incidental or germane to the business.
- (2) 2% of the monthly lease or rental price paid by a lessee or contracted or agreed to be paid by a lessee to the owner of the TPP.

Proposed law reduces the present law rate of the state tax levied on the purchase, sale, use, consumption, distribution, storage for use or consumption, and the lease or rental of each item of TPP in La. from 2% to 1%.

Present law provides for the levy of a state tax on all sales of services, as defined in present law. The rate of the tax is 2% of the amounts paid or charged for such services.

Proposed law reduces the present law rate of the state tax levied on the sales of services from 2% to 1%.

Effective Jan. 1, 2014, and applicable to all tax years beginning on and after Jan. 1, 2014.

(Amends 47:302(A), (B), and (C)(1))