

Regular Session, 2013

SENATE BILL NO. 144

BY SENATOR MORRELL

TAX EXEMPTIONS. Provides for renewal of certain sales tax exemption certificates.
(1/1/14)

1 AN ACT

2 To enact R.S. 47:13, relative to tax exemptions; to provide for renewal of certain tax
3 exemption certificates once granted; to require the Department of Revenue to
4 promulgate necessary rules and regulations; to provide for an effective date; and to
5 provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:13 is hereby enacted to read as follows:

8 **§13. Renewal of tax exemption certificates**

9 **A. Direct Payment Numbers. Notwithstanding any other law in this**
10 **Title to the contrary, a sales tax exemption certificate granted to a taxpayer**
11 **under the provisions of R.S. 47:303.1 shall be renewed as provided in this**
12 **Section without his having to reapply for the certificate unless the Department**
13 **of Revenue determines that the taxpayer is no longer qualified for the**
14 **exemption. However, the Department of Revenue may suspend a taxpayer's**
15 **direct payment number certificate if the taxpayer has not met the requirements**
16 **of R.S. 47:303.1(B) or has become delinquent in the taxpayer's sales tax**
17 **payment or filing responsibilities pursuant to R.S. 47:306.**

1 **B. Sale for Resale. Notwithstanding any other law in this Title to the**
2 **contrary, a sales tax exemption certificate granted to a taxpayer defined as a**
3 **dealer under the provisions of R.S. 47:301(4) and who makes purchases of**
4 **tangible personal property for resale as provided for in R.S. 47:301(10)(a)(i) or**
5 **sales of services for resale as provided for in R.S. 47:301(10)(a)(ii) shall be**
6 **renewed as provided for in this Section without his having to reapply for the**
7 **exemption certificate unless the Department of Revenue determines the**
8 **taxpayer is no longer qualified for the exemption. However, the Department of**
9 **Revenue may suspend a taxpayer's resale certificate if the taxpayer no longer**
10 **qualifies as a dealer under R.S. 47:301(4) or has become delinquent in the**
11 **taxpayer's sales tax payment or filing responsibilities pursuant to R.S. 47:306.**

12 **C. Purchases of Manufacturing, Machinery, and Equipment.**
13 **Notwithstanding any other law in this Title to the contrary, a sales tax**
14 **exemption certificate granted to a taxpayer pursuant to R.S. 47:301(3)(i)(i),**
15 **47:301(13)(k)(i) and 47:301(28)(a) shall be renewed as provided in this Section**
16 **without his having to reapply for the exemption certificate unless the**
17 **Department of Revenue determines that the taxpayer is no longer qualified for**
18 **the exemption. However, the Department of Revenue may suspend a taxpayer's**
19 **exemption certificate if the taxpayer no longer qualifies as a manufacturer**
20 **under R.S. 47:301(3)(i)(i), 47:301(13)(k)(i), or 47:301(28)(a), or if the taxpayer**
21 **has become delinquent in the taxpayer's sales tax payment or filing**
22 **responsibilities pursuant to R.S. 47:306.**

23 **D. Automatic renewals of the sales tax exemption certificates in**
24 **Subsections A, B, and C of this Section may be for a period of up to three years.**
25 **The Department of Revenue shall notify a qualifying taxpayer of its**
26 **determination as to whether the certificate will be automatically renewed**
27 **pursuant to this Section or whether the taxpayer is denied renewal and must**
28 **reapply. A taxpayer who is denied renewal of a sales tax exemption certificate**
29 **may reapply for the certificate to the Department of Revenue. The Department**

1 of Revenue shall promulgate rules and regulations regarding its criteria for
 2 determining a taxpayer's ability to renew a sales tax exemption certificate
 3 without the necessity of reapplying as it relates to the exemption certificates in
 4 Subsections A, B, and C of this Section.

5 Section 2. This Act shall become effective on January 1, 2014; if vetoed by the
 6 governor and subsequently approved by the legislature, this Act shall become effective on
 7 January 1, 2014, or on the day following such approval by the legislature, whichever is later.

The original instrument was prepared by Thomas L. Tyler. The following digest, which does not constitute a part of the legislative instrument, was prepared by Nancy Vicknair.

DIGEST

Morrell (SB 144)

Proposed law provides for automatic renewals of sales tax exemption certificates for Direct Pay Numbers (R.S. 47:303.1), Sales for Resale by "dealers" (of tangible personal property for resale, R.S. 47:301(10)(a)(i), or sales of services for resale, R.S. 47:301(10)(a)(ii)), and Purchases of Manufacturing Machinery and Equipment (R.S. 47:301(3)(i)(i), 47:301(13)(k)(i), and 47:301(28)(a)) for a period of up to three years. The Department of Revenue [DOR] must notify a qualifying taxpayer of its determination as to whether the certificates will be automatically renewed or whether the taxpayer is denied renewal and must reapply.

The exemption certificate and the resale certificate must be renewed without having to reapply unless the department determines that the taxpayer is no longer qualified for the exemption and the department may suspend a taxpayer's exemption certificate or resale certificate if the taxpayer is no longer qualified as a manufacturer or as a dealer, respectively, or has become delinquent in its sales tax payment or filing responsibilities.

Proposed law requires DOR to promulgate rules and regulations regarding its criteria for determining a taxpayer's ability to renew a sales tax exemption certificate without reapplying.

Effective January 1, 2014.

(Adds R.S. 47:13)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Completely revises the bill, which required all tax exemptions once granted to be renewed without the taxpayer having to reapply, provided the taxpayer remained qualified to receive it. The DOR was required to promulgate regulations to develop a form or other document to be mailed to each taxpayer to indicate the taxpayer's continued qualification for the tax exemption.

Senate Floor Amendments to engrossed bill

1. Makes technical changes.
2. Authorizes DOR to suspend a taxpayer's resale certificate if the taxpayer no longer qualifies as a dealer.
3. Authorizes DOR to suspend a taxpayer's exemption certificate if the taxpayer no longer qualifies as a manufacturer.