
DIGEST

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HB 768 Engrossed

2015 Regular Session

Jay Morris

Abstract: Provides with respect to the extent of applicability of certain exclusions and exemptions from the 1% state sales and use tax.

Present law imposes three separate state sales and use tax levies (2%, 1%, and .97%) upon the sale at retail, the use, the consumption, the distribution, the storage, lease, or rental of tangible personal property ("property") in this state, as well as certain services.

Present law provides definitions for terms used for purposes of state and local sales and use tax. Present law establishes the following exclusions from tax in the form of definitions:

(1) From the definition of "cost price":

Installation of tangible property if billed separately.

Supply and installation of board roads to oil field operations.

Cash discount or rebate offered by a vendor of a motor vehicle.

Manufacturing machinery and equipment, for the following sectors: manufacturing, agriculture, forestry, fishing, hunting, power generation, recyclable material sales, news publications, radio broadcasting, and specific farm equipment.

Consumable property bought by paper and wood products manufacturers.

(2) From the definition of "hotel", for purposes of the sales tax on services, nonprofit camp and retreat facilities.

(3) From the definition of "lease or rental":

Property used in the performance of a contract for the U.S. Navy.

Airplanes or airplane equipment used by a commuter airline domiciled in La.

Property used by a free hospital.

Materials and equipment used for instruction by a private elementary or secondary school.

Property used by Boys State, Inc. or Girls State, Inc.

Property used to manufacture or extract unblended biodiesel.

Pallets used by a manufacturer for packaging.

(4) From the definition of "person", private colleges and universities.

(5) From the definition of "retail sale":

Sale for rental of automobiles.

Natural gas used in certain iron production methods.

Electricity for chlor-alkali manufacturing.

Sale of human tissue.

Purchase by an independent operator of a new school bus or one that is less than five years old, to be used to service a public school.

Airplanes and airplane equipment for a commuter airline domiciled in La.

La. manufactured or assembled passenger aircraft.

Pelletized paper waste used as fuel for power generation.

Property used for operation of a free hospital.

Property sold by a private elementary or secondary school, the proceeds of which support the school.

Property used by Boys State, Inc. or Girls State, Inc.

Telephone directories used by advertisers.

Property used to manufacture or extract unblended biodiesel.

Natural gas to be held, used or consumed in providing natural gas storage ("cushion" or "pad" gas).

Books and course-related software by private colleges and universities.

Food bought by a private elementary or secondary school for a breakfast or lunch program.

Property sold at a military installation.

Anthropogenic carbon dioxide used in a qualified tertiary recovery project (mineral exploration and production).

Property sold at an event for La. culture, crafts, food, art, and music, with a five year annual attendance in excess of 300,000 (New Orleans Jazz Festival).

(6) From the definition of "sales price":

Cash discount or rebate offered by a vendor of a motor vehicle.

The first \$50,000 of new farm equipment for poultry production.

Manufacturing machinery and equipment used in manufacturing and agriculture.

Specialty items sold by carnival organizations.

Electricity or natural gas used by a paper or wood products manufacturing facility.

(7) From the definition of "sales of services":

Nonprofit camp or retreat facilities.

Repairs performed in La. when property is exported.

Labor, materials, services, and supplies for repairing, or converting a drilling rig, if the drilling rig is used in Outer Continental Shelf waters.

Services performed under contract with the U.S. Navy for the construction or overhaul of U.S. naval vessels.

Services performed at an event for La. culture, crafts, food, art, and music, with a five year annual attendance in excess of 300,000 (New Orleans Jazz Festival).

(8) From the definition of "tangible personal property":

Numismatic coins, and platinum, gold, and silver bullion.

Pharmaceuticals administered to livestock.

Equipment used for digital television conversion.

Materials used by a nonprofit blood bank.

Machinery and equipment used by a glass manufacturer, radio station, or public utility in New Orleans.

Newspapers.

(9) From the definition of "use":

Use for rental of automobiles.

Use of property in the operation of a free hospital.

Use of property sold by a private elementary or secondary school, the proceeds of which support the school.

Use of property by Boys State, Inc. or Girls State, Inc.

Use of property used in the manufacture or extraction of unblended biodiesel.

Books and course-related software by private colleges and universities.

Use of a storm shutter device.

Anthropogenic carbon dioxide used in a qualified tertiary recovery project (mineral exploration and production).

Proposed law retains present law with respect to 3% of the state sales and use tax, but removes applicability of the exclusions established in present law to 1% of the state sales and use tax.

Present law establishes the following exemptions from state sales and use taxes:

- (1) New boats and other watercraft removed from inventory for use as a demonstrator.
- (2) Racehorses purchased at a claiming race or other sale.
- (3) All transactions of an offtrack wagering facility.
- (4) All transactions of a private contractor for the construction and operation of a sewerage or wastewater treatment facility for a political subdivision.
- (5) Steam, water, electric power, and natural gas, boiler fuel ("business utilities")
- (6) Labor, materials, services, and supplies for repairing, or converting a drilling rig, if the drilling rig is used in Outer Continental Shelf waters.
- (7) Sales of 50-ton vessels and new component parts and sales of certain materials and services

to vessels operating in interstate commerce.

- (8) Installation charges and repairs to hardware for cable television.
- (9) Purchases of materials, supplies, and repair services by certain seafood-processing facilities.
- (10) The first \$50,000 of the sales price on qualifying farm equipment.
- (11) Purchase of motor vehicles, trailers, and semi-trailers used exclusively for leases or rentals.
- (12) Purchase of trucks with a gross weight of 26,000 pounds or more and certain trailers if used at least 80% of the time in interstate commerce and whose activities are subject to the jurisdiction of the U.S. D.O.T.
- (13) Purchase of certain contract carrier buses used 80% of the time in interstate commerce.
- (14) Rail rolling stock sold or leased in Louisiana.
- (15) Railroad ties purchased by a railroad prior to long-term preservation treatment and installed into the railroad's track system.
- (16) Utilities, including electricity, used by steelworks and blast furnaces.
- (17) Purchases of certain items of tangible personal property, made on the first consecutive Friday and Saturday of August each year.
- (18) The first \$1,500 of the purchase price of certain hurricane preparedness items or supplies purchased on Saturday and Sunday during the last weekend in May of each year.
- (19) Purchases of construction supplies by Habitat for Humanity affiliates, Fuller Center for Housing covenant partners, and the Make it Right Foundation.
- (20) Purchase of certain water conservation equipment for use within the Sparta Groundwater Conservation District.
- (21) Purchases of firearms, ammunition, and hunting supplies for the first consecutive Friday through Sunday of September.
- (22) Purchases of polyroll tubing used for commercial farm irrigation.
- (23) Purchase, lease, or repair of capital equipment or software used to operate capital equipment at qualifying radiation therapy centers.
- (24) Purchase of certain construction materials by Hands on New Orleans and Rebuilding Together New Orleans covenant partners used on residential dwellings destroyed or damaged

by Hurricanes Katrina or Rita.

- (25) Purchase, use, or rental of materials, services, property, and supplies by the Fore!Kids Foundation.
- (26) Purchase of certain construction supplies by the Make it Right Foundation.
- (27) Purchase of certain construction supplies by the St. Bernard Project, Inc.

Proposed law retains present law with respect to 3% of the state sales and use tax, but removes applicability of the exemptions established in present law to 1% of the state sales and use tax.

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

(Amends (R.S. 4:168 and 227, R.S. 33:4169(D), R.S. 47:301(3) through (18) and (28)(a), 302(R)(2), (S), and (T), 305, 305.1(A), 305.16, 305.20(C), 305.25(A)(intro. para.), 305.36 (A), (B), and (C)(1), 305.50(A)(1), (2)(a), (B), (E), and (F), 305.51(A), 305.54(B)(1), 305.58(A)(1), 305.59, 305.60(A)(1), 305.62(B)(1), 305.63, 305.64(A)(1), 305.65(A), 305.68, 305.70, 305.71, 318(A), 321(H)(2)-(5), (I), and (K), and 6001(A), and R.S. 51:1307(C))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Remove applicability for 1% of the state sales and use tax for numerous exclusions established as definitions in present law for purposes of state and local sales and use taxes.
2. Remove applicability for 1% of the state sales and use tax for numerous exemptions established in present law.
3. Delete the dedicated fund.