

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 795

2016 Regular Session

Stokes

TAX EXEMPTIONS: Provides relative to the organization of the Tax Exemption Budget

Synopsis of Senate Amendments

1. Adds "Specialty Sales Tax Exemptions" and "Specialty Income Tax Exemptions" as additional categories in which tax exemptions may be organized for purposes of the Tax Exemption Budget.
2. Prohibits tax exemptions from being organized into more than one of the enumerated categories unless there is a specific notation for doing so.
3. Authorizes the secretary of the Dept. of Revenue to add additional categories to the schedule.
4. Defines categories in proposed law.

Digest of Bill as Finally Passed by Senate

Present law requires the Dept. of Revenue to annually prepare a tax exemption budget detailing the prior tax years tax exemptions, including whether each exemption is meeting its purpose, whether the purpose is being achieved in a fiscally effective manner, and whether there are any inadvertent consequences caused by the tax exemption.

Proposed law retains present law and additionally requires the tax exemptions to be organized in a schedule as follows:

- (1) Agricultural/Rural: pertains to a business or person being located in a rural area or engaging in an agricultural trade or business.
- (2) Business Environment: encourages competitiveness with other states by impacting the tax burden of business entities that engage in specific activities, including the following:
 - (a) Inventory Tax Ad Valorem
 - (b) Business Utilities Sales Tax
 - (c) Manufacturing Machinery and Equipment
 - (d) Direct Inputs and Consumables
- (3) Corporate Income Tax Formula: relates to assisting, guiding, or aiding a business entity in determining the amount of its income for La. tax purposes.
- (4) Dealers and Vendors Compensation and Discounts: encourages timely filing of a return, report, form, or document or the timely payment of a tax, fee, or other amount due.
- (5) Educational Breaks for Educational Institutions: relates to an entity that engages in a specified activity that provides or facilitates the act of learning.
- (6) Educational Breaks for Individuals: pertains to an individual who engages in a specified activity that is beneficial to, provides, or facilitates the act of learning.

- (7) Incentives: encourages a particular or specified economic activity by modifying the tax burden of the economic activity or behavior, administered through contracts with one of the following:
 - (a) Department of Economic Development
 - (b) Department of Culture, Recreation, and Tourism
 - (c) Department of Environmental Quality
 - (d) Department of Revenue
- (8) Louisiana Constitutional Mandates: outlined in the La. constitution that modifies the tax burden.
- (9) Non-itemized Sales and Use Tax Exclusions and Exemptions: not individually itemized on a La. sales tax return before March 2016.
- (10) Normal Tax Structure: prevents double taxation, direct business inputs, or violation of federal law, including the following:
 - (a) Federal Mandatory
 - (b) Intergovernment
 - (c) Interstate Commerce
 - (d) Net Operating Loss
 - (e) Normal Severance
- (11) Personal Income Tax Formula: assists, guides, or aids an individual in determining La. tax table income after determining La. adjusted gross income.
- (12) Retirement, Disability, and Military: modifies the tax owed by individuals who receive money, including wages and interest, as a result of a special status or position in life that is recognized by statute.
- (13) Specialty Sales Tax Exemptions, including the following:
 - (a) Sales tax holidays
 - (b) Purchase of a specific item
 - (c) Purchase made by a specific taxpayer
 - (d) Activities of a specific group or organization
- (14) Specialty Income Tax Exemptions, including the following:
 - (a) Performance of a specific activity
 - (b) Purchase of a specific item
 - (c) Purchase made by a specific taxpayer

Proposed law prohibits tax exemptions from being organized into more than one of the enumerated categories unless there is a specific notation for doing so and authorizes the secretary to add additional categories if deemed necessary.

Effective July 1, 2016.

(Amends R.S. 47:1517(B))