

2016 Second Extraordinary Session

SENATE BILL NO. 15

BY SENATORS MORRELL AND THOMPSON

TAX EXEMPTIONS. Provides for an annual reporting requirement by certain nonprofit entities for certain sales tax exemptions. (7/1/16) (Item Nos. 7, 8, 11, 12, 14, 15, 19-24, 32)

1 AN ACT

2 To enact R.S. 47:306.4, relative to state sales and use tax exemptions; to provide for an
3 annual reporting requirement for certain transactions involving sales by certain
4 nonprofit entities; to provide for an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:306.4 is hereby enacted to read as follows:

7 **§306.4. Annual reporting requirement**

8 **A.(1) Notwithstanding any provision of law to the contrary, transactions**
9 **listed in Subsection B of this Section involving sales of tangible personal**
10 **property or services that are not subject to state sales and use tax pursuant to**
11 **the exclusions and exemptions provided by law shall be subject to an annual**
12 **reporting requirement based on transactions occurring during the previous**
13 **fiscal year, beginning on July first of the preceding year and ending on June**
14 **thirtieth of the current year.**

15 **(2) The annual report shall include all of the following information:**

16 **(a) The name of the organization.**

17 **(b) The federal and state tax identification numbers of the organization.**

1 (c) Annual gross sales of tangible personal property or services that are
2 not subject to state sales and use tax pursuant to the exclusions and exemptions
3 provided for in Subsection B of this Section.

4 (d) Any additional information required by the secretary that is
5 necessary to determine the annual sales tax revenue loss to the state related to
6 the exclusion or exemption as required by R.S. 47:1517.

7 (3) The annual report is due on the thirtieth day of September of each
8 year.

9 (4) The annual report shall be submitted electronically to the secretary
10 on a form provided by the secretary.

11 B. The transactions listed in this Subsection shall be subject to the annual
12 reporting requirement.

13 (1) Sales of room rentals by a camp or retreat facility owned by a
14 nonprofit organization as provided in R.S. 47:301(6)(b).

15 (2) Sales of room rentals by a homeless shelter as provided in R.S.
16 47:301(6)(c).

17 (3) Sales by a nonprofit entity which sells donated goods as provided in
18 R.S. 47:301(8)(f).

19 (4) Sales of food items by a youth-serving organization chartered by the
20 United States Congress as provided in R.S. 47:301(10)(h).

21 (5) Sales by a parochial or private elementary or secondary school that
22 complies with the court order from the Dodd Brumfield decision and Section
23 501(c)(3) of the Internal Revenue Code as provided in R.S. 47:301(18)(e).

24 (6) Sales of admissions to athletic and entertainment events as provided
25 in R.S. 47:301(14)(b)(i), but only for events held for or by an elementary or
26 secondary school.

27 (7) Sales of memberships by and dues paid to a nonprofit civic
28 organization as provided in R.S. 47:301(14)(b)(i).

29 (8) Sales of meals by an educational institution, medical facility, or

mental institution, or occasional meals furnished by an educational or medical organization as provided in R.S. 47:305(D)(2).

(9) Sales of admissions to entertainment events by a little theater organization as provided in R.S. 47:305.6.

(10) Sales of admissions to musical performances by a nonprofit organization as provided in R.S. 47:305.7.

(11) Sales of admissions to entertainment events sponsored by a domestic nonprofit charitable or educational organization as provided in R.S. 47:305.13.

(12) Sales of admissions to, parking fees charged at, and tangible personal property sold at events sponsored by a nonprofit organization as provided in R.S. 47:305.14(A)(1).

(13) Sales of admissions to and parking fees charged at fairs and festivals sponsored by a nonprofit organization as provided in R.S. 47:305.18.

C. Notwithstanding any contrary provision of this Section, the annual reporting requirement shall not apply to nonprofit entities and their affiliates organized and operated exclusively for religious purposes that have been granted an exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

Section 2. This Act shall become effective on July 1, 2016.

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

DIGEST

SB 15 Reengrossed

2016 Second Extraordinary Session

Morrell

Present law provides for numerous exclusions and exemptions from state sales and use tax for various transactions involving nonprofit organizations.

Present law suspends several state sales tax exemptions relating to sales by nonprofit organizations from April 1, 2016, to June 30, 2018, for purposes of the 2% sales tax imposed by R.S. 47:302, and from April 1, 2016, to June 30, 2016, for purposes of each of the 1% state sales tax levies in R.S. 47:321 and 331. These exemptions will be fully restored on July 1, 2018.

Proposed law retains these provisions but requires that certain nonprofits that sell exempt tangible personal property and services be subject to an annual reporting requirement based on transactions occurring during the previous fiscal year, beginning July 1st of the preceding

year and ending on June 30th of the current year.

Proposed law requires that the annual report contain the name of the organization, its federal and state tax identification numbers, the annual gross sales of tangible personal property or services that are not subject to the sales and use taxes, and additional information as required by the secretary of the Department of Revenue to determine the annual sales tax revenue loss to the state due to the exemptions or exclusions.

Proposed law requires that the annual report is due on September 30th of each year and requires that it be submitted electronically to the secretary.

Proposed law specifically lists the transactions by nonprofits that are to be reported.

Proposed law provides that these reporting requirements do not apply to nonprofit entities and their affiliates organized and operated exclusively for religious purposes that are exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code.

Effective on July 1, 2016.

(Adds R.S. 47:306.4)

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Adds provision that the reporting be based on transactions beginning July 1st of the previous fiscal year and ending June 30th of the current year.
2. Changes the due date of the annual report to September 30th.
3. Adds requirement that the report be filed electronically.
4. Adds provision that reporting requirement does not apply to nonprofit entities and their affiliates organized and operated exclusively for religious purposes which are exempt from federal income taxes under §501(c)(3) of the I.R.C.
5. Changes effective date from governor's signature to July 1, 2016.