

## RÉSUMÉ DIGEST

**ACT 3 (HB 27)**

**2016 Second Extraordinary Session**

**Broadwater**

Existing law provides for the definitions to be used in the administration of state and local sales and use taxes.

Existing law defines "sale at retail" to exclude the sale of materials for further processing into articles of tangible personal property.

New law and adds the following criteria for qualification for the exclusion:

- (1) The raw materials become a recognizable and identifiable component of the end product.
- (2) The raw materials are beneficial to the end product.
- (3) The raw materials are materials for further processing, and as such, are purchased for the purpose of inclusion into the end product.

New law changes the definition of "sale at retail" to exclude the purchase of raw materials for the production of raw or processed agricultural, silvicultural, or aquacultural products.

New law provides that raw materials purchased for processing into a byproduct for sale shall not be deemed to be a sale for further processing, and the sale shall be taxable. Further, if a byproduct is sold at retail and sales and use tax has been paid by the seller on the cost of the base or raw materials, a credit is authorized in an amount equal to the sales tax collected by the seller on the taxable retail sale of the byproduct.

New law is intended to clarify the original intent of the special tax treatment of sales of materials for further processing, and thus provides that new law shall be applicable to refund claims submitted or assessments of additional taxes due which were filed or issued on or after June 23, 2016.

Effective upon signature of governor (June 23, 2016).

(Amends R.S. 47:301(intro. para.) and (10)(c)(i)(aa))