

2017 Regular Session

HOUSE BILL NO. 365

BY REPRESENTATIVE IVEY

TAX/SALES-USE, LOCAL: Excludes manufacturing machinery and equipment from local sales and use tax

1 AN ACT

2 To amend and reenact R.S. 47:301(3)(i)(i)(introductory paragraph) and (iii),

3 (13)(k)(i)(introductory paragraph) and (iii), and (28)(a)(introductory paragraph) and

4 (c) and to repeal R.S. 47:337.10(I), relative to sales and use tax exclusions; to

5 provide for a local sales and use tax exclusion for transactions involving

6 manufacturing machinery and equipment; to repeal the local exemption option for

7 certain transactions; to provide for effectiveness; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:301(3)(i)(i)(introductory paragraph) and (iii),

10 (13)(k)(i)(introductory paragraph) and (iii), and (28)(a)(introductory paragraph) and (c) are

11 hereby amended and reenacted to read as follows:

12 §301. Definitions

13 As used in this Chapter the following words, terms, and phrases have the

14 meanings ascribed to them in this Section, unless the context clearly indicates a

15 different meaning:

16 * * *

17 (3)

18 * * *

19 (i)(i) For purposes of the imposition of the use tax levied by ~~the state under~~

20 ~~R.S. 47:302, 321, and 331~~ any taxing authority, the cost price of machinery and

1 equipment used by a manufacturer in a plant facility predominately and directly in
2 the actual manufacturing for agricultural purposes or the actual manufacturing
3 process of an item of tangible personal property, which is for ultimate sale to another
4 and not for internal use, at one or more fixed locations within Louisiana, shall be
5 reduced as follows:

6 * * *

7 (iii) No person shall be entitled to purchase, use, lease, or rent machinery or
8 equipment as defined herein without payment of the tax imposed by ~~R.S. 47:302,~~
9 ~~321, and 331~~ any taxing authority before receiving a certificate of exclusion from the
10 secretary of the Department of Revenue certifying that he is a manufacturer as
11 defined herein.

12 * * *

13 (13)

14 * * *

15 (k)(i) For purposes of the imposition of the sales tax levied by ~~the state under~~
16 ~~R.S. 47:302, 321, and 331~~ any taxing authority, the sales price of machinery and
17 equipment purchased by a manufacturer for use in a plant facility predominately and
18 directly in the actual manufacturing for agricultural purposes or the actual
19 manufacturing process of an item of tangible personal property, which is for ultimate
20 sale to another and not for internal use, at one or more fixed locations within
21 Louisiana shall be reduced as follows:

22 * * *

23 (iii) No person shall be entitled to purchase, use, lease, or rent machinery or
24 equipment as defined herein without payment of the tax imposed by ~~R.S. 47:302,~~
25 ~~321, and 331~~ any taxing authority before receiving a certificate of exclusion from the
26 secretary of the Department of Revenue certifying that he is a manufacturer as
27 defined herein.

28 * * *

1 (28)(a) For purposes of the imposition of the lease or rental tax levied by ~~the~~
2 ~~state under R.S. 47:302, 321, and 331~~ any taxing authority, the "gross proceeds",
3 "monthly lease or rental price paid", and "monthly lease or rental price contracted
4 or agreed to be paid" for machinery and equipment used by a manufacturer in a plant
5 facility predominately and directly in the actual manufacturing for agricultural
6 purposes or the actual manufacturing process of an item of tangible personal
7 property, including, but not limited to rubber tired farm tractors, cane harvesters,
8 cane loaders, cotton pickers, combines, haybalers, attachments and sprayers,
9 clippers, cultivators, discs, plows, and spreaders, which is for ultimate sale to another
10 and not for internal use, at one or more fixed locations within Louisiana shall be
11 reduced as follows:

* * *

13 (c) No person shall be entitled to purchase, use, lease, or rent machinery or
14 equipment as defined herein without payment of the tax imposed by ~~R.S. 47:302,~~
15 ~~321, and 331~~ any taxing authority before receiving a certificate of exclusion from the
16 secretary of the Department of Revenue certifying that he is a manufacturer as
17 defined herein.

* * *

19 Section 2. R.S. 47:337.10(I) is hereby repealed in its entirety.

20 Section 3. This Act shall take effect and become operative if and when the Act
21 which originated as House Bill No. _____ of this 2017 Regular Session of the Legislature
22 is enacted and becomes effective.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 365 Original

2017 Regular Session

Ivey

Abstract: Excludes certain transactions involving manufacturing machinery and equipment from imposition of local sales and use tax.

Present law provides numerous definitions for and exclusions from imposition of the state sales and use tax.

Present law excludes from the definition of "cost price", for purposes of imposition of the state sales and use tax, the cost price of machinery and equipment used by certain manufacturers in the actual manufacturing for either agricultural purposes or the production of items of tangible personal property.

Present law excludes from the definition of "sales price", for purposes of imposition of the state sales and use tax, the sales price of machinery and equipment used by certain manufacturers in the actual manufacturing for either agricultural purposes or the production of items of tangible personal property.

Present law, for purposes of the lease or rental tax imposed by the state, excludes the "gross proceeds", "monthly lease or rental price paid", and "monthly lease or rental price contracted or agreed to be paid" for machinery and equipment used by certain manufacturers in the actual manufacturing for either agricultural purposes or the production of items of tangible personal property.

Proposed law changes present law to extend the exclusions for manufacturing machinery and equipment to *any* sales and use tax levied by any taxing authority which includes local sales and use tax.

Present law provides an option for local taxing authorities to provide for certain exclusions and exemptions from the state sales and use tax, including the exclusions for manufacturing machinery and equipment in present law.

Proposed law repeals present law in favor of the mandatory exclusion in proposed law.

(Amends R.S. 47:301(3)(i)(i)(intro. para.) and (iii), (13)(k)(i)(intro. para.) and (iii), and (28)(a)(intro. para.) and (c); Repeals R.S. 47:337.10(I))