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## DIGEST

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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))