2017 Regular Session

HOUSE BILL NO. 655

BY REPRESENTATIVE REYNOLDS

TAX/SALES & USE: Provides with respect to the levy of state sales and use taxes on certain sales of services

1	AN ACT		
2	To enact R.S. 47:301(14)(1) through (w) and (16)(r), relative to sales and use taxes; to		
3	provide with respect to the state sales and use tax base; to provide for the taxation		
4	of sales of certain services; to provide for exclusions and exemptions; to provide for		
5	effectiveness; and to provide for related matters.		
6	Be it enacted by the Legislature of Louisiana:		
7	Section 1. R.S. 47:301(14)(1) through (w) and (16)(r) are hereby enacted to read as		
8	follows:		
9	§301. Definitions		
10	As used in this Chapter the following words, terms, and phrases have the		
11	meanings ascribed to them in this Section, unless the context clearly indicates a		
12	different meaning:		
13	* * *		
14	(14) "Sales of services" means and includes the following:		
15	* * *		
16	(1) The furnishing of personal services including massage parlors, escort		
17	services, and turkish baths or steam baths.		
18	(m) The furnishing of credit reporting services, including the assembly or		
19	furnishing of a credit history or credit information relating to any person.		

Page 1 of 7

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1	(n)(i) The furnishing of debt collection services, including any activity to	
2	collect or adjust a delinquent debt, to collect or adjust a claim, or to repossess	
3	property subject to a claim.	
4	(ii) The furnishing of debt collection services shall not include any of the	
5	following:	
6	(aa) The collection of a judgment by an attorney or by a partnership or	
7	professional corporation of attorneys if the attorney, partnership, or corporation	
8	represented the person in the suit from which the judgment arose;	
9	(bb) The collection of court-ordered child support or medical child support;	
10	or	
11	(cc) A service provided by a person acting as a trustee in connection with the	
12	foreclosure sale of immovable property under a lien created by a mortgage or	
13	security instrument.	
14	(o)(i) The furnishing of insurance services, including insurance loss or	
15	damage appraisal, insurance inspection, insurance investigation, insurance actuarial	
16	analysis or research, insurance claims adjustment or claims processing, or insurance	
17	loss prevention service.	
18	(ii) "Insurance service" shall not include insurance coverage for which a	
19	premium is paid or commissions paid to insurance agents for the sale of insurance	
20	or annuities, or a service performed on behalf of an insured by a person who is	
21	licensed as a public insurance adjustor by the Department of Insurance.	
22	(p)(i) The furnishing of immovable property services, including any of the	
23	following: landscaping; the care and maintenance of lawns, yards, or ornamental	
24	trees, or other plants; the removal or collection of garbage, rubbish, or other solid	
25	waste; building or grounds cleaning, janitorial, or custodial services; a structural pest	
26	control service; and the surveying of immovable property.	
27	(ii) The furnishing of immovable property services shall not include any of	
28	the following: hazardous or industrial solid waste; waste material that results from	
29	an activity associated with the exploration, development, or production of oil, gas,	

1	geothermal resources, or any other substance or material; domestic sewage or an
2	irrigation return flow, to the extent the sewage or return flow does not constitute
3	garbage or rubbish; or industrial discharges subject to regulation by permit issued
4	under Louisiana law.
5	(iii) Immovable property service shall not include a service listed under Item
6	(i) of this Subparagraph, if the service is performed by a landman and is necessary
7	to negotiate or secure land or mineral rights for acquisition or trade, including any
8	of the following: determining ownership; negotiating a trade or agreement
9	regarding land or mineral rights; drafting and administering contractual agreements;
10	ensuring that all governmental regulations are complied with; or any other action
11	necessary to complete the transaction related to a service described by this Item,
12	other than an information service under R.S. 47:301(14)(v).
13	(q)(i) The furnishing of data processing services, including word processing,
14	data entry, data retrieval, data search, information compilation, payroll and business
15	accounting data production, and other computerized data and information storage
16	manipulation.
17	(ii) As used in this Subparagraph the following terms and phrases shall have
18	the following meanings:
19	(aa) "Data processing service" means and includes the use of a computer or
20	computer time for data processing whether the processing is performed by the
21	provider of the computer or computer time or by the purchaser or other beneficiary
22	of the service.
23	(bb) "Data processing service" means and includes the use of a computer to
24	perform totalizator services for the purpose of registering wagers and dividing total
25	winnings derived from wagering on the outcome of pari-mutuel races.
26	(cc) "Data processing service" shall not include the transcription of medical
27	dictation by a medical transcriptionest.

1	(dd) "Data storage" shall not include a classified advertisement, banner
2	advertisement, vertical advertisement, or link when the item is displayed on an
3	Internet website owned by another person.
4	(r)(i) The furnishing of immovable property repair and remodeling, including
5	the repair, restoration, remodeling, or modification of an improvement to immovable
6	property.
7	(ii) The furnishing of immovable property repair and remodeling shall not
8	include an improvement to a manufacturing or processing production unit in a
9	petrochemical refinery or chemical plant that provides increased capacity in the
10	production unit.
11	(iii) For purposes of this Subparagraph, the following words and phrases
12	shall have the following meanings:
13	(aa) "Increased capacity" means the capability to produce additional products
14	or services as measured by units per hour or units per year; or a new product or
15	service.
16	(bb) "Production unit" means a group of manufacturing and processing
17	machines and ancillary equipment that together are necessary to create or produce
18	a physical or chemical change beginning with the first processing of the raw material
19	and ending with the finished product.
20	(cc) "New product" means a product that has different product properties and
21	a different commercial application than the product previously manufactured or
22	processed by the production unit that produced the previous product.
23	(s) The furnishing of security services, including services for which a license
24	is required under Louisiana law.
25	(t) The furnishing of telephone answering services.
26	(u) The furnishing of audio and video services, including the streaming or
27	downloading of digital goods as defined in R.S. 47:301(16)(r).

1	(v)(i) The furnishing of information services, including electronic data		
2	retrieval or research, and the furnishing of general or specialized news or othe		
3	current information, including financial information.		
4	(ii) The furnishing of information services shall not include any of the		
5	following:		
6	(aa) A newspaper or a radio or television station licensed by the Federa		
7	Communications Commission; or		
8	(bb) A member of a homeowners association of a residential subdivision or		
9	condominium development, and is furnished by the association or on behalf of the		
10	association.		
11	(w) The furnishing of cable television and satellite services, including the		
12	distribution of video programming to subscribing or paying customers, with or		
13	without the use of wires.		
14	* * *		
15	(16)		
16	* * *		
17	(r) The term "tangible personal property" shall include all of the		
18	following, whether electronically or digitally delivered, streamed, or accessed and		
19	whether purchased singly, by subscription or in any other manner, including		
20	maintenance, updates, and support:		
21	(i) Video.		
22	(ii) Photographs.		
23	(iii) Books.		
24	(iv) Any other otherwise printed matter.		
25	(v) Applications, which may be commonly known as "apps".		
26	(vi) Games.		
27	(vii) Music.		
28	(viii) Any other audio, including satellite radio service; or		

1	(ix) Any other otherwise taxable tangible personal property electronically		
2	or digitally delivered, streamed, or accessed.		
3	* * *		
4	Section 2. The tax on the sales of services levied by the provisions of this Act		
5	shall be effective for the period beginning on September 1, 2017.		

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 655 Original	2017 Regular Session	Reynolds
IID 055 Oliginal	2017 Regular Session	Reynolus

Abstract: Adds certain sales of services to the sales and use tax base.

<u>Present law</u> imposes state sales and use taxes on the sale, use, lease, or rental of tangible personal property pursuant to the following levies:

R.S. 47:302 - 2% tax R.S. 47:321 - 1% tax R.S. 47:321.1 - 1% tax R.S. 47:331 - 0.97% tax R.S. 51:1286 - .03% tax (LA Tourism and Promotion District)

<u>Proposed law</u> changes <u>present law</u> by adding sales of the following services to the sales and use tax base.

- (1) Personal services including massage parlors, escort services, and turkish baths or steam baths.
- (2) Credit reporting services.
- (3) Debt collection services.
- (4) Insurance services.
- (5) Immovable property services.
- (6) Data processing and data storage services.
- (7) Immovable property repair and remodeling services.
- (8) Security services.
- (9) Telephone answering services.
- (10) Audio and video services, including cable and satellite.
- (11) Streaming or downloading services for digital goods.
- (12) Information services.

Page 6 of 7

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HLS 17RS-1337

Effective beginning on Sept. 1, 2017.

(Adds R.S. 47:301(14)(1)-(w) and (16)(r))