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## DIGEST

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HB 18 Original

2018 First Extraordinary Session

Havard

**Abstract:** Provides for the exclusions and exemptions applicable to state sales and use taxes beginning on and after July 1, 2018.

Present law suspends numerous exclusions and exemptions ("exemptions") from the state sales and use taxes imposed under R.S. 47:302, 321, 321.1, and 331 for two different periods of time, both occurring between April 1, 2016, and June 30, 2018.

Present law provides that the suspension of certain exemptions for purposes of the tax levies in R.S. 47:321 and 331, expired June 30, 2016. The suspension with respect to the tax levies in R.S. 47:302 and 321.1, remains effective through June 30, 2018.

Present law establishes various provisions concerning specific exemptions to provide that the exemptions shall be applicable under all circumstances.

Proposed law changes present law by revising the various provisions for effectiveness of certain specific exemptions to sunset those provisions by June 30, 2018.

Present law as provided in Act No. 395 of the 2017 Regular Session provides for the applicability of the exemption for orthotic devices and restorative materials used by dentists to the sales and use taxes levied under R.S. 47:302 and 321.1 beginning July 1, 2018.

Proposed law repeals present law.

Proposed law changes present law regarding the effectiveness of *all* exemptions by establishing that on and after July 1, 2018, only the following exemptions shall be applicable to all state sales and use tax levies:

- (1) Food for home consumption as defined in R.S. 47:305(D)(1)(n) through (r) on Jan. 1, 2003. (Const. Art. VII, §2.2)
- (2) Natural gas. (Const. Art. VII, §2.2)
- (3) Electricity. (Const. Art. VII, §2.2)
- (4) Water. (Const. Art. VII, §2.2)

- (5) Prescription drugs. (Const. Art. VII, §2.2)
- (6) Gasoline and other motor fuels subject to the state excise tax on fuel. (Const. Art. VII, §27)
- (7) Sales to the U.S. government and its agencies. (R.S. 47:301(10)(g))
- (8) Other constructions permanently attached to the ground. (R.S. 47:301(16)(l))
- (9) Installation charges on tangible personal property. (R.S. 47:301(3)(a))
- (10) Installation of oil field board roads. (R.S. 47:301(3)(c))
- (11) Sales of human tissue transplants. (R.S. 47:301(10)(d))
- (12) Leases or rentals of railroad rolling stock. (R.S. 47:301(4)(k))
- (13) Tangible personal property for resale. (R.S. 47:301(10)(a)(i))
- (14) Purchases of property for lease or rental. (R.S. 47:301(10)(a)(iii) and (18)(a)(iii))
- (15) Isolated or occasional sales of tangible personal property by a person not engaged in such business. (R.S. 47:301(1) and (10)(c)(ii)(bb))
- (16) Purchases made with food stamps and WIC. (R.S. 47:305.46)
- (17) An article traded in on the purchase of tangible personal property. (R.S. 47:301(13)(a))
- (18) Stocks, bonds, notes, and other obligations or securities. (R.S. 47:301(16)(b)(i))
- (19) Credit for sales and use taxes paid to another state on tangible personal property imported in Louisiana. (R.S. 47:303(A)(3)(a))
- (20) Work product of certain professionals. (R.S. 47:301(16)(e))
- (21) Sales through a coin-operated vending machine. (R.S.47:301(10)(b)(i))
- (22) Funeral directing services. (R.S. 47:301(14)(j))
- (23) Farm products produced and used by farmers. (R.S. 47:305(B))
- (24) Leases or rentals of a crane and related equipment with an operator. (R.S. 47:301(7)(k))
- (25) Sales by and to the state and its political subdivisions. (R.S. 47:301(8)(c))

- (26) Sales of materials for further processing. (R.S. 47:301(10)(c)(i)(aa))
- (27) A factory built home. (R.S. 47:301(16)(g))
- (28) Any advertising service rendered by an advertising business. (R.S. 47:302(D))
- (29) Transactions in interstate commerce and tangible personal property imported into this state, or produced or manufactured in this state, for export. (R.S. 47:305(E))
- (30) A truck and trailer if used at least 80% of the time in interstate commerce. (R.S. 47:305.50(A))
- (31) Freight cars, piggyback trailers, and rail rolling stock, and railroad. (R. S. 47:305.45 and 305.50(F))
- (32) Contract carrier commercial buses if used at least 80% of the time in interstate commerce. (R.S. 47:305.50(B))
- (33) Contracts prior to or within 90 days of a new tax levy. (R.S. 47:305.11)
- (34) Proprietary geophysical survey information and or geophysical analysis furnished under a restricted use agreement. (R.S. 47:301(16)(b)(iii))

Effective July 1, 2018.

(Amends R.S. 47:302(R)(2) and (3), (S), (T), (X)(intro. para.), and (AA)(intro. para.), (AA)(29) through (31), and (AA)(32)(intro. para.), 321(H)(2) through (6), and (I) through (K), and 331(P), (Q), and (R); Adds R.S. 47:302(BB), 321(P), and 331(V); Repeals R.S. 47:302(Y), 321(M), 331(T), and Act No. 395 of the 2017 R.S.)