

2018 Regular Session

SENATE BILL NO. 529

BY SENATOR APPEL

TAX/SALES. Provides for direct payment of state and local sales tax due on purchases by certain nonprofit subsidiaries. (7/1/18)

1 AN ACT

2 To amend and reenact R.S. 47:303.1(B)(2), (C), (D), and (F), relative to direct payment
3 numbers; to authorize certain nonprofit subsidiaries to obtain direct payment
4 numbers for state and local sales and use tax; to provide for an effective date; and to
5 provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:303.1(B)(2), (C), (D), and (F) are hereby amended and reenacted
8 to read as follows:

9 §303.1. Direct Payment Numbers

10		*	*	*
11	B.	*	*	*
12		*	*	*

13 (2)(a) A DP Number shall be issued to and shall be continued to be held by
14 a taxpayer ~~which~~ that is a private, nonprofit, tax-exempt organization as defined
15 under Section 501~~(3)~~(c) ~~(c)~~(3) of the Internal Revenue Code, ~~which~~ that obtains the
16 required approvals, and ~~which~~ that meets all of the qualifications provided for in this
17 Section except Subparagraph (1)(a) of this Subsection.

1 **(b) Separate DP Numbers shall be issued to and shall be continued to be**
 2 **held by taxpayers that are subsidiary entities of a private, nonprofit, tax-exempt**
 3 **organization, as defined under Section 501(c)(3) of the Internal Revenue Code,**
 4 **that meets the requirements of Subparagraph (B)(2)(a) of this Section, as well**
 5 **as to those taxpayer entities in which the tax-exempt organization is the sole**
 6 **member, provided that these entities are licensed by the Louisiana Department**
 7 **of Health, Louisiana Board of Pharmacy, or otherwise have as their mission**
 8 **promoting the delivery of healthcare and patient medical services and products**
 9 **and further provided that these entities and the tax exempt organization**
 10 **together have in the aggregate an annual average of ten million dollars of**
 11 **taxable purchases or leases of tangible personal property and taxable services**
 12 **for three calendar years prior to the year of application, and have such an**
 13 **average for each subsequent three-year period, and which obtain the required**
 14 **approvals and meet the qualifications provided for in Subparagraphs (1)(b) and**
 15 **(1)(d) of this Subsection.**

16 * * *

17 C. Upon application by a taxpayer to the department for a DP Number
 18 pursuant to Paragraph (B)(1) or (2) of this Section, the department shall notify by
 19 certified mail the local agency or agencies charged with collection of the sales and
 20 use tax imposed by the political subdivisions in the parish or parishes in which the
 21 taxpayer has a manufacturing establishment or facility or is a ~~private, nonprofit, tax-~~
 22 ~~exempt organization~~ **taxpayer that meets the requirements of Paragraph (B)(2)**
 23 **of this Section.** The department and the local collection agency or agencies shall
 24 review the application and shall audit the taxpayer to determine that the taxpayer
 25 meets the qualifications provided in Subsection B of this Section, if the department
 26 or local collection agency or agencies consider such audit necessary.

27 D. If the taxpayer applying for a DP Number pursuant to Paragraph (B)(1)
 28 or (2) of this Section meets the qualifications of Subsection B **of this Section** and
 29 obtains written approval from the local agency or agencies charged with the

1 collection of sales and use tax imposed by the political subdivisions in the parish or
 2 parishes in which the taxpayer has a manufacturing establishment or facility or is a
 3 ~~private, nonprofit, tax-exempt organization~~ **taxpayer that meets the requirements**
 4 **of Paragraph (B)(2) of this Section**, the department shall issue the DP Number to
 5 the taxpayer. If the taxpayer meets the qualifications of Subsection B **of this Section**
 6 but written approval is denied or withheld by the local agency or agencies charged
 7 with the collection of sales and use tax imposed by the political subdivisions in the
 8 parish or parishes in which the taxpayer has a manufacturing establishment or
 9 facility or is a private, nonprofit, tax-exempt organization, the department shall issue
 10 a DP Number to the taxpayer ~~which~~ **that** shall be applicable only for the purposes
 11 of state sales and use tax.

* * *

13 F. The DP Number issued by the department under this Section may be
 14 revoked by the secretary at any time if the taxpayer fails to meet the qualifications
 15 provided in this Section, or if the department receives written notice of the
 16 revocation of approval for issuance of the DP Number from all of the local tax
 17 collection agencies ~~which~~ **that** had previously given their approval pursuant to
 18 Subsection D of this Section.

* * *

20 Section 2. This Act shall become effective on July 1, 2018.

The original instrument was prepared by Leonore F. Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by James Benton.

DIGEST

SB 529 Engrossed 2018 Regular Session Appel

Present law authorizes purchasers that have average annual purchases for a three-year period of \$5 million to apply for direct pay (DP) numbers allowing the purchaser to make all purchases without remitting the sales and use tax to their vendors and allowing the purchaser to report and pay the tax due directly to the Department of Revenue and local tax collection authorities.

Proposed law retains present law and authorizes taxpayers that are subsidiary entities of a private, nonprofit, tax-exempt organization, including entities in which the tax-exempt organization is the sole member, provided that these entities are license by the La. Dept of Health, La. Board of Pharmacy, or otherwise have as their mission promoting the delivery

of healthcare and patient medical services and products and further provided that these entities and the tax exempt organization together have in the aggregate an annual average of \$10 million of taxable purchases or leases of tangible personal property and taxable services for three calendar years prior to year of application, and have such an average for each subsequent three-year period.

Effective July 1, 2018.

(Amends R.S. 47:303.1(B)(2), (C), (D), and (F))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Provides specificity regarding entities that may avail themselves of direct payment numbers.
2. Changes the required taxable purchase amount from \$5 million to \$10 million for purchases or leases of tangible personal property and taxable services.
3. Makes technical changes.