
DIGEST

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HB 127 Reengrossed

2023 Regular Session

Hughes

Abstract: Exempts from state excise and sales taxes, for a period of ten years, the furnishing of items free of charge as samples in business-to-business exchanges at, or in conjunction with, conventions, trade shows, and similar events.

Proposed law exempts from state sales tax the furnishing of an item at no charge as a sample in a business-to-business exchange at, or in conjunction with, a conference, convention, exposition, trade show, professional or trade association event, business or professional meeting, corporate event, or exhibition of any kind held in La.

Proposed law exempts from state excise tax the furnishing of an alcoholic beverage at no charge as a sample in a business-to-business exchange at, or in conjunction with, a conference, convention, exposition, trade show, professional or trade association event, business or professional meeting, corporate event, or exhibition of any kind held in La.

Proposed law exempts from the state tobacco tax the furnishing of a product at no charge as a sample in a business-to-business exchange at, or in conjunction with, a conference, convention, exposition, trade show, professional or trade association event, business or professional meeting, corporate event, or exhibition of any kind held in La.

Proposed law defines "business-to-business exchange", for purposes of proposed law, as the distribution by a business of free samples in a limited quantity, with nominal value, to another business as part of a genuine effort to sell or market the product being sampled to that business. Provides that for purposes of proposed law, "nominal value" means a value which is so small or slight that it is not considered real or substantial in comparison with what might reasonably be expected.

Present law exempts from the state tobacco tax, through Dec. 31, 2025, cigars and pipe tobacco sampled on the premises of convention facilities during the convention of the International Premium Cigar and Pipe Retailers Association. Proposed law repeals present law.

Proposed law applies to taxable periods beginning on or after Aug. 1, 2023.

Proposed law terminates the exemptions provided for in proposed law on Aug. 1, 2033.

(Amends R.S. 47:854(A) and (B) and 855; Adds R.S. 26:421(F) and R.S. 47:302(BB)(119), 305.79, 321(P)(120), 321.1(I)(120), and 331(V)(120))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Limit proposed law such that the tax exemptions provided therein would apply only to items furnished at no charge as samples in business-to-business exchanges at, or in conjunction with, conferences, conventions, expositions, trade shows, or similar events.
2. Define "business-to-business exchange", for purposes of proposed law, as the distribution by a business of free samples in a limited quantity to another business as part of a genuine effort to sell or market a product to that business.
3. Delete provisions causing a tax exemption provided in proposed law to apply to use tax.

The House Floor Amendments to the engrossed bill:

1. Specify all of the following with respect to the free samples that qualify for the tax exemptions established by proposed law:
 - a. The samples shall have a "nominal value", defined for purposes of proposed law as a value which is so small or slight that it is not considered real or substantial in comparison with what might reasonably be expected.
 - b. The samples shall be distributed in a business-to-business exchange as part of a genuine effort to sell or market the product being sampled.
2. Make technical changes.