

RÉSUMÉ DIGEST

ACT 592 (HB 795)

2016 Regular Session

Stokes

Existing law requires the Dept. of Revenue to annually prepare a tax exemption budget detailing the prior tax years tax exemptions, including whether each exemption is meeting its purpose, whether the purpose is being achieved in a fiscally effective manner, and whether there are any inadvertent consequences caused by the tax exemption.

New law adds a requirement that tax exemptions be organized in a schedule as follows:

- (1) Agricultural/Rural: pertains to a business or person being located in a rural area or engaging in an agricultural trade or business.
- (2) Business Environment: encourages competitiveness with other states by impacting the tax burden of business entities that engage in specific activities, including the following:
 - (a) Inventory Tax Ad Valorem
 - (b) Business Utilities Sales Tax
 - (c) Manufacturing Machinery and Equipment
 - (d) Direct Inputs and Consumables
- (3) Corporate Income Tax Formula: relates to assisting, guiding, or aiding a business entity in determining the amount of its income for La. tax purposes.
- (4) Dealers and Vendors Compensation and Discounts: encourages timely filing of a return, report, form, or document or the timely payment of a tax, fee, or other amount due.
- (5) Educational Breaks for Educational Institutions: pertains to an entity that engages in a specified activity that provides or facilitates the act of learning.
- (6) Educational Breaks for Individuals: pertains to an individual who engages in a specified activity that is beneficial to, provides, or facilitates the act of learning.
- (7) Incentives: encourages a particular or specified economic activity by modifying the tax burden of the economic activity or behavior, administered through contracts with one of the following:
 - (a) Department of Economic Development
 - (b) Department of Culture, Recreation, and Tourism
 - (c) Department of Environmental Quality
 - (d) Department of Revenue
- (8) Louisiana Constitutional Mandates: outlined in the La. constitution that modifies the tax burden.
- (9) Non-itemized Sales and Use Tax Exclusions and Exemptions: not individually itemized on a La. sales tax return before March 2016.
- (10) Normal Tax Structure: prevents double taxation, direct business inputs, or violation of federal law, including the following:
 - (a) Federal Mandatory
 - (b) Intergovernment

- (c) Interstate Commerce
 - (d) Net Operating Loss
 - (e) Normal Severance
- (11) Personal Income Tax Formula: assists, guides, or aids an individual in determining La. tax table income after determining La. adjusted gross income.
- (12) Retirement, Disability, and Military: modifies the tax owed by individuals who receive money, including wages and interest, as a result of a special status or position in life that is recognized by statute.
- (13) Specialty Sales Tax Exemptions, including the following:
- (a) Sales tax holidays
 - (b) Purchase of a specific item
 - (c) Purchase made by a specific taxpayer
 - (d) Activities of a specific group or organization
- (14) Specialty Income Tax Exemptions, including the following:
- (a) Performance of a specific activity
 - (b) Purchase of a specific item
 - (c) Purchase made by a specific taxpayer

New law prohibits tax exemptions from being organized into more than one of the enumerated categories unless there is a specific notation for doing so and authorizes the secretary to add additional categories if deemed necessary.

Effective July 1, 2016.

(Amends R.S. 47:1517(B))