
DIGEST

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HB 562 Original

2017 Regular Session

Jackson

Abstract: Adds certain sales of services to the sales and use tax base and provides for the exemptions and exclusions applicable to all state sales and use tax levies.

Present law 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)

Present law provides for exemptions and exclusions to state sales and use taxes. Further, present law provides for the applicability and effectiveness of certain exclusions and exemptions from the taxes imposed under R.S. 47:302 and 321.1 for the time between July 1, 2016, and June 30, 2018.

Proposed law changes present law by expanding the exemption and exclusion provisions that shall be applicable to state sales and use taxes, and making the same exclusions and exemptions applicable and effective for all state sales and use tax levies beginning September 1, 2017, as follows:

- (1) Food for home consumption, including soft drinks, bakery items, fresh product, and dairy products.
- (2) Natural gas used for residential purposes.
- (3) Electricity, used for residential purposes.
- (4) Water used for residential purposes.
- (5) Prescription drugs.
- (6) Motor fuels subject to the state excise tax on motor fuels.
- (7) Sales to the United States government.
- (8) Other constructions permanently attached to the ground.

- (9) Installation charges on tangible personal property.
- (10) Installation of oil field board roads.
- (11) Transactions involving the construction or overhaul of U.S. Navy and Coast Guard vessels.
- (12) Property purchased for exclusive use outside the state.
- (13) Purchases and leases of durable medical equipment under the provisions of Medicare.
- (14) Sales of human tissue transplants.
- (15) Sales of raw agricultural products.
- (16) Sales of food by youth serving organizations chartered by congress.
- (17) Tangible personal property sold to food banks.
- (18) Sales of pollution control devices.
- (19) Materials used in the collection of blood.
- (20) Aphaeresis kits and leuko reduction filters.
- (21) Donation to schools and food banks from resale inventory.
- (22) Manufacturers rebates on new motor vehicles.
- (23) Lease or rentals of railroad rolling stock.
- (24) Purchases and leases by free hospitals.
- (25) Purchases by nonprofit entities that sell donated goods.
- (26) Sales of tangible personal property for resale.
- (27) Purchases of property for lease or rental.
- (28) Isolated or occasional sales of tangible personal property.
- (29) Use of motor vehicles in Louisiana by active duty military.
- (30) Purchases made with food stamps and WIC.
- (31) Articles traded in on purchases of tangible personal property.

- (32) Donations of toys.
- (33) Stocks, bonds, notes or other obligations or securities.
- (34) Credit for sales and use taxes paid to other states on tangible personal property imported in La.
- (35) Work product of certain professionals.
- (36) Purchases by regionally accredited independent educational institutions.
- (37) Sales through coin-operated vending machines.
- (38) Purchases by a private postsecondary academic degree-granting institution.
- (39) Purchases of food items for school lunch or breakfast programs by nonpublic elementary or secondary schools.
- (40) Repair services performed in La. when the repaired property is exported.
- (41) Funeral directing services.
- (42) Sales of feed and feed additives for animals held for business purposes.
- (43) Sales of farm products produced and used by farmers.
- (44) Sales of fertilizers and containers to farmers.
- (45) Sales of seeds for planting crops.
- (46) Sales of pesticides for agricultural purposes.
- (47) The cost price for the printing of a news publication.
- (48) Vehicle rentals for re-rental to warranty customers.
- (49) The definition of "lease or rental" for purposes of the lease or rental of a crane and related equipment with an operator.
- (50) Sales by and to the state and its political subdivisions.
- (51) Sales of materials for further processing.
- (52) Sales of electricity for chlor-alkali manufacturing.

- (53) The sales price for new farm equipment used in poultry production.
- (54) The price of a factory built home.
- (55) Any advertising service rendered by an advertising business.
- (56) Sale of livestock, poultry, and other farm products direct from the farm.
- (57) The gross proceeds derived from the sale of livestock at public sales sponsored by breeders' or registry associations or livestock auction markets.
- (58) Sale of agricultural products by a person other than the producer, for use in further processing.
- (59) Transactions in interstate commerce and tangible personal property imported into this state, or produced or manufactured in La. for export.
- (60) Sales of ships, vessels, barges, and related supplies.
- (61) The first \$50,000 in value of certain new farm equipment.
- (62) Sales of trucks and trailers if used at least 80% of the time in interstate commerce.
- (63) Sale of freight cars, piggy-back cars, rail rolling stock, and railroad ties.
- (64) Purchases by a council on aging.
- (65) Sale of pharmaceuticals administered to livestock.
- (66) Sale of materials and supplies used in the production of crawfish and catfish.
- (67) Sales of room rentals by a camp or retreat facility owned by a nonprofit organization.
- (68) Sales of room rentals by a homeless shelter.
- (69) Sales, leases, and rentals of tangible personal property and sales of services by hospitals necessary to operate free hospitals.
- (70) Sales, leases, or rentals to Boys State of La., Inc. and Girls State of La., Inc.
- (71) Sales by nonprofit entities that sell donated goods.
- (72) Sales and donations of tangible personal property by food banks.
- (73) Sales or purchases of fire-fighting equipment by volunteer fire departments.

- (74) Sales to, and leases, rentals, and use of educational materials and equipment used for classroom instruction by parochial and private elementary and secondary schools that comply with the court order from the Dodd Brumfield decision and Section 501(c)(3) of the Internal Revenue Code.
- (75) Sales by parochial and private elementary and secondary schools that comply with the court order from the Dodd Brumfield decision and Section 501(c)(3) of the Internal Revenue Code.
- (76) Sales of admission charges to athletic and entertainment events for elementary and secondary schools and membership fees or dues of nonprofit, civic associations.
- (77) Sales or use of materials used directly in the collection of blood.
- (78) Sales or use of apheresis kits and Leuko reduction filters.
- (79) Sales or use of orthotic devices, prosthetic devices, hearing aids, eyeglasses, contact lenses, and wheelchairs prescribed by physicians, optometrists, or licensed chiropractors for personal use.
- (80) Sales or use of ostomy, colostomy, and ileostomy devices and equipment.
- (81) Sales of medical devices.
- (82) Sales of restorative materials used by dentists.
- (83) Sales or use of adaptive driving equipment and motor vehicle modifications prescribed for personal use.
- (84) Sales or use of meals by educational institutions, medical facilities, mental institutions, and occasional meals furnished by educational, religious, or medical organizations.
- (85) Purchases or rentals of kidney dialysis machines, parts, materials, and supplies for home use under a physician's prescription.
- (86) Sales of admissions to entertainment events by Little Theater organizations.
- (87) Sales of admissions to musical performances sponsored by nonprofit organizations.
- (88) Sales of admissions to entertainment events sponsored by domestic nonprofit charitable, religious, and educational organizations.
- (89) Sales of admissions, parking fees, and sales of tangible personal property at events sponsored by domestic, civic, educational, historical, charitable, fraternal, or religious nonprofit organizations.

- (90) Sales of admissions and parking fees at fairs and festivals sponsored by nonprofit organizations.
- (91) Purchases of fishing vessels, supplies, fuels, lubricants, and repairs for the vessels of licensed commercial fishermen.
- (92) Sales of butane, propane, or other liquified petroleum gases for private, residential consumption.
- (93) Sales and purchases by certain organizations that provide training for blind persons.
- (94) Sales of polyroll tubing for use in commercial farm irrigation.
- (95) Rentals or leases of certain oilfield property for re-lease or re-rental.
- (96) Sales of aircraft manufactured in Louisiana with a capacity in excess of eight persons as provided in R.S. 47:301(10)(m).
- (97) Labor, materials, services, and supplies used for the repair, renovation, or conversion of drilling rig machinery and equipment which become component parts of a drilling rig used exclusively for exploration or development of minerals as provided in R.S. 47:301(14)(g)(iii).
- (98) Repairs and materials used on drilling rigs and equipment used exclusively for exploration or development of minerals.
- (99) Sales by thrift shops located on military installations.
- (100) Leases or rentals of vessels for use in offshore mineral production, or the provision of services to those engaged in mineral production.
- (101) Sales of gasohol.
- (102) Sales or purchases by sheltered workshops.
- (103) Pharmaceutical samples manufactured or imported into the state free of charge.

Proposed law changes present law 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.

Proposed law changes present law by adding to the definitions used to administer the tax, the following types of tangible personal property, whether electronically or digitally delivered, streamed, or accessed and whether purchased singly, by subscription or in any other manner, including maintenance, updates, and support:

- (1) Video.
- (2) Photographs.
- (3) Books.
- (4) Any other otherwise printed matter.
- (5) Applications, which may be commonly known as "apps".
- (6) Games.
- (7) Music.
- (8) Any other audio, including satellite radio service.
- (9) Any other otherwise taxable tangible personal property electronically or digitally delivered, streamed, or accessed.

Provisions of proposed law adding services to the sales tax base are effective November 1, 2017.

Provisions of proposed law expanding certain exemptions and exclusions to all sales tax are effect September 1, 2017.

Otherwise, proposed law effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:301(10)(c)(ii)(bb) and (l); Adds R.S. 47:301(14)(l)-(w), (16)(r), 302(BB), 321(P), 321.1(I), and 331(V))