
DIGEST

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HB 609 Original

2019 Regular Session

Stokes

Abstract: Provides for exclusions and exemptions applicable to sales and use taxes imposed by the state and other taxing authorities.

Present law imposes state sales and use taxes on the sale, use, lease, or rental of tangible personal property pursuant to the following levies in the following amounts:

R.S. 47:302 - 2%

R.S. 47:321 - 1%

R.S. 47:321.1 - .45%

R.S. 47:331 - .97%

R.S. 51:1286 - .03%

Present law establishes a wide variety of exclusions and exemptions from the sales and use taxes imposed by the state and other taxing authorities.

Present law suspends numerous exemptions from the four levies of state sales and use tax (R.S. 47:302, 321, 321.1, and 331) through June 30, 2025.

Present law establishes that from July 1, 2018, through June 30, 2025, 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) Transactions involving the construction or overhaul of U.S. Navy vessels. (R.S. 47:301(7)(c) and (14)(h))
- (12) Property purchased for exclusive use outside the state. (R.S. 47:305.10)
- (13) Sales, leases, or rentals of tangible personal property paid by or under the provisions of Medicare. (R.S. 47:315.3)
- (14) Sales of human tissue transplants. (R.S. 47:301(10)(d))
- (15) Sales of raw agricultural commodities. (R.S. 47:301(10)(e))
- (16) Sales of food by a youth-serving organization chartered by the U.S. Congress. (R.S. 47:301(10)(h))
- (17) Tangible personal property sold or donated to a food bank. (R.S. 47:301(10)(j) and (18)(a)(i))
- (18) Materials used in the collection of blood. (R.S. 47:301(16)(j))
- (19) Aphaeresis kits and leuko reduction filters. (R.S. 47:301(16)(k))
- (20) Donations to schools and food banks from resale inventory. (R.S. 47:301(18)(a))
- (21) Manufacturer's rebates on a new motor vehicle. (R.S. 47:301(3)(e) and (13)(b))
- (22) Sales, leases or rentals of railroad rolling stock in La., and sales of parts and services used in the fabrication, modification, or repair of rail rolling stock. (R.S. 47:301(4)(k) and 305.50(E))
- (23) Sales, purchases and leases of tangible personal property by free hospitals. (R.S. 47:301(7)(e), (10)(p), and (18)(c))
- (24) Purchases by a nonprofit entity that sells donated goods. (R.S. 47:301(8)(f))
- (25) Tangible personal property for resale. (R.S. 47:301(10)(a)(i))
- (26) Purchases of property for lease or rental. (R.S. 47:301(10)(a)(iii) and (18)(a)(iii))
- (27) 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))
- (28) Use of a motor vehicle in La. by a member of the active duty military. (R.S. 47:303(A) and 305.48)
 - (29) Purchases made under the Supplemental Nutrition Assistance Program through WIC Program Vouchers. (R.S. 47:305.46)
 - (30) An article traded in on the purchase of tangible personal property. (R.S. 47:301(13)(a))
 - (31) Donation of toys. (R.S. 47:301(10)(aa)(i) and (18)(m))
 - (32) Stocks, bonds, notes, and other obligations or securities. (R.S. 47:301(16)(b)(i))
 - (33) Credit for sales and use taxes paid to another state on tangible personal property imported in La. (R.S. 47:303(A)(3)(a))
 - (34) Work product of certain professionals. (R.S. 47:301(16)(e))
 - (35) Purchases by a regionally accredited independent educational institution. (R.S. 47:301(8)(b))
 - (36) Sales through a coin-operated vending machine. (R.S.47:301(10)(b)(i))
 - (37) Purchases by a private postsecondary academic degree-granting institution. (R.S. 47:301(10)(cc) and(18)(n))
 - (38) Purchases of food items for school lunch and breakfast programs by a nonpublic elementary or secondary school. (R.S. 47:301(10)(dd))
 - (39) Funeral directing services. (R.S. 47:301(14)(j))
 - (40) Feed and feed additives for animals held for business purposes. (R.S. 47:305(A)(4))
 - (41) Farm products produced and used by farmers. (R.S. 47:305(B))
 - (42) Sale of fertilizer and containers to farmers. (R.S. 47:305(D)(1)(f))
 - (43) Sales of seeds for planting crops. (R.S. 47:305.3)
 - (44) Sales of pesticides for agricultural purposes. (R.S. 47:305.8)
 - (45) The cost price for the printing of a news publication. (R.S. 47:301(3)(h))
 - (46) Vehicle rentals to a warranty customer. (R.S. 47:301(7)(h))

- (47) Leases or rentals of a crane and related equipment with an operator. (R.S. 47:301(7)(k))
- (48) Sales by and to the state and its political subdivisions. (R.S. 47:301(8)(c))
- (49) Sales of materials for further processing. (R.S. 47:301(10)(c)(i)(aa))
- (50) The sales price for new farm equipment used in poultry production. (R.S. 47:301(13)(c))
- (51) A factory built home. (R.S. 47:301(16)(g))
- (52) Any advertising service rendered by an advertising business. (R.S. 47:302(D))
- (53) Sales of livestock, poultry, and other farm products direct from a farm. (R.S. 47:305(A)(1))
- (54) Sales of livestock at a public sale sponsored by a breeders' or registry association or at a livestock auction market. (R.S. 47:305(A)(2))
- (55) Sales of agricultural commodities by a person other than the producer, for use in further processing. (R.S. 47:305(A)(3))
- (56) 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))
- (57) Ships, vessels, barges, and related supplies. (R.S. 47:305.1)
- (58) The sales price of new farm equipment, including polyroll tubing. (R.S. 47:305.25)
- (59) A truck and trailer if used at least 80% of the time in interstate commerce. (R.S. 47:305.50(A))
- (60) Freight cars, piggyback trailers, and rail rolling stock, and railroad ties. (R.S. 47:305.45 and 305.50(F))
- (61) Sales or purchases by a council on aging. (R.S. 47:305.66)
- (62) Sales of pharmaceuticals administered to livestock for agricultural purposes. (R.S. 47:301(16)(f))
- (63) Materials used in the production of crawfish and catfish. (R.S. 47:305(A)(5) and (6))
- (64) Sales of room rentals by a camp or retreat facility owned by a nonprofit organization. (R.S.47:301(6)(b))
- (65) Sales of room rentals by a homeless shelter. (R.S. 47:301(6)(c))

- (66) Sales, leases, and rentals of tangible personal property to Boys State of La., Inc. and Girls State of La., Inc. (R.S. 47:301(7)(g) and (10)(r))
- (67) Sales or purchases of fire-fighting equipment by a volunteer fire department. (R.S. 47:301(10)(o))
- (68) Sales to, and leases, rentals, and use of educational materials and equipment used for classroom instruction by a parochial and private elementary and secondary school that complies with the court order from the Dodd Brumfield decision and federal law. (R.S. 47:301(7)(f), (10)(q)(ii), and (18)(e)(ii))
- (69) Sales by a parochial and private elementary and secondary school that complies with the court order from the Dodd Brumfield decision and federal law. (R.S. 47:301(10)(q)(i) and (18)(e)(i))
- (70) Sales, (R.S. 47:301(14)(b)(i)), but only of admissions to an athletic and entertainment event held for or by an elementary or secondary school and membership fees or dues of a nonprofit, civic association.
- (71) Sales or use of orthotic devices, prosthetic devices, hearing aids, eyeglasses, contact lenses, and wheelchairs prescribed by a physician, optometrist, or licensed chiropractor used exclusively by the patient for personal use. (R.S. 47:305(D)(1)(k))
- (72) Sales or use of ostomy, colostomy, and ileostomy devices and equipment. (R.S. 47:305(D)(1)(l))
- (73) Sales of medical devices. (R.S. 47:305(D)(1)(s))
- (74) Sales of dental devices and materials. (R.S. 47:305(D)(1)(t))
- (75) Sales or use of adaptive driving equipment and motor vehicle modification prescribed for personal use. (R.S. 47:305(D)(1)(u))
- (76) Sales or use of a meal by an educational institution, medical facility, mental institution, and an occasional meal furnished by an educational, religious, or medical organization. (R.S. 47:305(D)(2))
- (77) Purchases or rentals of renal dialysis machines, parts, materials, and supplies for home use under a physician's prescription. (R.S. 47:305(G))
- (78) Sales of admission to entertainment events by a Little Theater organization. (R.S. 47:305.6)
- (79) Sales of admission to musical performances sponsored by a nonprofit organization. (R.S. 47:305.7)

- (80) Sales of admissions to entertainment events sponsored by domestic nonprofit charitable, religious, and educational organizations. (R.S. 47:305.13)
- (81) 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. (R.S. 47:305.14(A)(1))
- (82) Sales of admissions and parking fees at fairs and festivals sponsored by nonprofit organizations. (R.S. 47:305.18)
- (83) Purchases of fishing vessels, supplies, fuels, lubricants, and repairs for the vessels of licensed commercial fishermen. (R.S. 47:305.20)
- (84) Sales of butane, propane, or other liquified petroleum gases for private, residential consumption. (R.S. 47:305.39)
- (85) Sales and purchases by certain organizations that provide training for blind persons. (R.S.47:305.15)
- (86) Purchases and lease by qualified radiation therapy treatment centers. (R.S. 47:305.64)
- (87) Sales of electricity for chlor-alkali manufacturing. (R.S. 47:301(10)(c)(ii)(aa))
- (88) Rentals or leases of certain oilfield property for re-lease or re-rental.(R.S. 47:301(7)(b))
- (89) Sales of aircraft manufactured in La. with a capacity in excess of eight persons.(R.S. 47:301(10)(m))
- (90) 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. (R.S. 47:301(14)(g)(iii))
- (91) Repairs and materials used on drilling rigs and equipment used exclusively for exploration of development of minerals. (R.S. 47:305(I))
- (92) Sales by thrift shops located on military installations. (R.S. 47:305.14(A)(4))
- (93) Leases or rentals of vessels for use in offshore mineral production, or the provision of services to those engaged in mineral production. (R.S. 47:305.19)
- (94) Sales of gasohol. (R.S. 47:305.28)
- (95) Sales or purchases by sheltered workshops. (R.S. 47:305.38)
- (96) Pharmaceutical samples manufactured or imported into the state free of charge.(R.S.

47:305.47)

- (97) The exclusion for surface preparation, painting, and coating fixed or rotarywing aircraft and certified transport category aircraft registered outside of this state. (R.S. 47:301(14)(g)(iv))
- (98) Sales of platinum, gold, and silver bullion, that is valued solely upon its precious metal content, whether in coin or ingot form. (R.S. 47:301(16)(b)(ii)(aa))
- (99) Sales of certain numismatic coins. (R.S. 47:301(16)(b)(ii)(bb) and (cc))
- (100) Purchases, use, and lease of manufacturing machinery and equipment. (R.S. 47:301(3)(i), (13)(k) and (28)(a))
- (101) Purchase of consumables by paper and wood manufacturers and loggers assigned an industry designation of 3211 - 3222 or 113310 pursuant to the NAICS Code of 2007. (R.S.47:301(3)(k))
- (102) Sale and purchase of electricity as provided in R.S. 47:305(D)(1)(d) for use in production activity subject to the payment of state severance tax on production from a stripper well. (R.S. 47:633(7)(c)(i) and (ii)(aa) and (bb))
- (103) Purchase of machinery and equipment by a utility regulated by the Public Service Commission and the city of New Orleans. (R.S. 47:301(16)(o))
- (104) Repair services performed in La. when the repaired property is delivered outside of La. (R.S.47:301(14)(g)(i)(bb))
- (105) Any transaction by a nonprofit electric cooperative that is exempt from tax. (R.S. 12:425)
- (106) Diesel fuel, butane, propane, or other gases used or consumed for farm purposes. (R.S. 47:305.37(A))
- (107) Refunds for purchases of tangible personal property by international travelers as part of the Louisiana Tax Free Shopping Program. (R.S. 51:1301, et seq.)
- (108) Sales of tangible personal property and services at certain public facilities. (R.S. 39:467 and 468)
- (109) The use of steam produced through the processing of a raw agricultural product used in a facility predominately and directly engaged in the processing of an agricultural product by a manufacturer as defined in R.S.47:301(3)(i)(ii)(bb) based on being assigned a NAICS Code within the agricultural, forestry, fishing, and hunting Sector 11.

Present law provides that the exemptions for the sales and use of steam, water, electric power or energy, natural gas, or other energy sources as provided in R.S. 47:305(D)(1)(b), (c), (d), (g), and

(h) *with respect to all taxpayers* shall be applicable to the taxes levied under R.S. 47:321, 321.1.1, and 331.

Present law exempts new trucks, new automobiles, new aircraft, and new boats, vessels, or other water craft withdrawn from stock by factory-authorized dealers, and used trucks and used automobiles withdrawn from stock by new or used motor vehicle dealers for use as demonstrators from sales and use tax.

Proposed law retains present law but extends the exemption in present law to vehicles kept in a dealer's inventory in addition to those used as demonstrators.

Proposed law changes the following present law sales and use tax exclusions to exemptions:

- (1) Use, consumption, storage for use or consumption of refinery gas.
- (2) Sales of anthropogenic carbon dioxide for a tertiary recovery project.
- (3) Sales of admission to certain Louisiana heritage and cultural events.
- (4) Sales of admission to museums.
- (5) Sales, lease, or rental of air planes or equipment to La. commuter airlines.
- (6) Sales of pelletized paper waster used for boiler fuel.
- (7) Sales of specialty Mardi Gras items.
- (8) Sales and use of cellular or mobile telephones and electronic accessories.

Present law establishes an exemption from taxes imposed by all taxing authorities for raw materials used in a printing process, to include a variety of types of equipment and chemical supplies. Proposed law retains present law but consolidates the exemption into a new exemption for "mass communication industries".

Proposed law regarding a commercial printer, limits the exemption to sale or use of materials purchased for the purpose of inclusion into tangible personal property to be sold at retail by the printer and extends applicability to all state sales and use tax levies.

Proposed law regarding a printer of a news publication, retains present law but consolidates the exemption into a new exemption for "mass communication industries".

Present law establishes an exclusion from sales and use taxes imposed by any taxing authority for the sale of newspapers.

Proposed law changes present law by converting the exclusion for newspapers to an exemption and

includes the exemption in the new consolidated exemption for "mass communication industries".

Present law establishes a state sales and use tax exemption for the purchase of machinery and equipment by a radio station based in La.

Proposed law changes present law by limiting the exemption to only that machinery or equipment necessary to comply with licensing requirements of the Federal Communication Commission, by extending the exemption to purchases by television stations, by extending applicability of the exemption to the taxes imposed by any taxing authority, and by moving the exemption to the newly established "mass communications industries" exemption.

Present law provides for the following exemptions for purposes of specific providers of charitable residential housing construction:

- (1) St. Bernard Project, Inc.
- (2) Hands on New Orleans and Rebuilding Together New Orleans.
- (3) Make it Right Foundation.
- (4) Habitat for Humanity.
- (5) Fuller Center for Housing.

Proposed law repeals present law and in favor of establishes a new sales and use tax exemption applicable to all taxing authorities for sales or use of construction materials purchased by a nonprofit organization intended for the construction of new residential dwellings to be donated or sold at below market rates or rehabilitation and renovation of residential dwellings damaged in a natural disaster which will be donated or sold at below market rates.

Present law provides that for purposes of sales and use taxes imposed by all taxing authorities, any cellular, PCS, or wireless telephone used in connection with the sale or use of mobile telecommunications services, "sales price" as the greater of the amount of money actually received by the dealer from the purchaser for each telephone, or 25% of the dealer's cost for the telephone.

Proposed law repeals present law but provides a sales and use tax exemption on the sale or any other disposition of any cellular or mobile telephone, PCS telephone, or wireless telephone used in connection with the sale or use of mobile telecommunications services, or any electronic accessory physically connected with any cellular or mobile telephone or personal communication device from sales and use tax levied by the state or any taxing authority.

Proposed law adds the following exemptions to the exclusive list of effective exclusions and exemptions in present law:

- (1) Sales of off-road vehicles purchased by buyers domiciled in another state as provided in

R.S.47:303(E)(1) and 305.56.

- (2) New trucks, automobiles, aircraft, and boats, vessels, or other water craft withdrawn from stock or kept in dealer inventory and used as demonstrators as provided in R.S. 47:305(D)(1)(i).
- (3) Purchases or rentals by private individuals of machines and materials for home renal dialysis as provided in R.S. 47:305(G).
- (4) Purchases of tangible personal property or taxable services by nonprofit literacy organizations as provided in R.S. 47:305.14(A)(5).
- (5) Sales, purchases, or rentals of property by Ducks Unlimited or Bass Life as provided in R.S. 47:305.41.
- (6) Sales by nonprofit organizations dedicated to the conservation of fish or migratory waterfowl or wetlands as provided in R.S. 47:305.43.
- (7) Value of catalogs distributed, in this state as provided in R.S. 47:305.49.
- (8) Contract carrier buses as provided in R.S. 47:305.50(B).
- (9) Sales, purchases or taxable services by a nonprofit organization which conducts a program on sickle cell disease as provided in R.S. 47:305.53.
- (10) Sales of original, one-of-a-kind works of art as provided in R.S. 47:305.57.
- (11) Purchases by the Fore!Kids Foundation as provided in R.S. 47:305.68.
- (12) Consumption, distribution, or storage of refinery gas as provided in R.S. 47:305.72.
- (13) Sales by mass communication industries as provided in R.S. 47:305.73.
- (14) Sales of anthropogenic carbon dioxide for use in qualified tertiary recovery projects as provided in R.S. 47:305.74.
- (15) Sales of admission to or sale of tangible personal property at Louisiana heritage and cultural events as provided in R.S. 47:305.75.
- (16) Sales of admission to museums as provided in R.S. 47:305.76.
- (17) Sales, leases, or rentals to a commuter airline domiciled in Louisiana as provided in R.S. 47:305.77.
- (18) Sales of pelletized paper waste as provided in R.S. 47:305.78.

- (19) Sales or use of construction materials purchased by a nonprofit organization as provided in R.S. 47:305.79.
- (20) Sales for re-sale of specialty Mardi Gras items as provided in R.S. 47:305.80.
- (21) Sale or use of any cellular or mobile telephone as provided by R.S. 305.81.

Proposed law changes present law by repealing various sales and use tax exclusions in favor of enacting *new consolidated exemptions* covering the same subject matters.

Proposed law repeals the sales and use tax exclusions for purchases by parimutuel racetracks and off-track wagering facilities.

(Amends R.S. 47:305(D)(1)(i) and 305.14(A)(1)(a); Adds R.S. 47:302(BB)(110) through (130), 305.72 through 305.81, 321(P)(111) through (131), 321.1(I)(111) through (131), and 331(V)(111) through (131); Repeals R.S. 4:168 and 227, R.S. 47:301(3)(g), 301(7)(d) and (l), (8)(d) and (e), (10)(i), (k), (n), (t), (v), (w), (gg), and (hh), (13)(e), (g), (h), (j), and (l), (14)(b)(ii) and (iii) and (k), (16)(n) and (p), (18)(d)(ii), (h), and (i), 305(F), 305.9, 305.14(A)(1)(b), 305.40, 305.44, 305.51, 305.59, 305.60, 305.61, 305.65, 305.70, 305.71, 337.9(D)(28) and (29) and 6001)