

SENATE SUMMARY OF HOUSE AMENDMENTS

SB 9 By Senator Long**KEYWORD AND SUMMARY AS RETURNED TO THE SENATE**

TAX EXEMPTIONS. Grants a sales tax exemption from all of the state sales tax and all of the local sales tax for new boats, vessels, or other water craft used as demonstrators, for certain railroad ties, and for component parts of immovable property. (7/1/09)

SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL

1. Adds an exemption from sales and use taxes imposed by the state, its statewide taxing authorities, or any of its political subdivisions which would otherwise apply to the "sales price" or "cost price" of certain railroad ties.
2. Adds an exclusion for purposes of the imposition of sales and use taxes imposed by the state, any statewide taxing authority, or any political subdivision for certain component parts of immovable property.
3. Provides with respect to the legislative intent of Act No. 632 of the 2008 Regular Session with respect to the definition of "component parts" of immovable property for sales and use tax purposes, and provides for retroactive application.
4. Establishes a collaborative working group to develop certain proposals and make certain reports regarding component parts of immovable property for purposes of sales and use tax.
5. Technical amendments.

DIGEST OF THE SENATE BILL AS RETURNED TO THE SENATE

Present law grants a tax exemption from 3 of the 4 cents of state sales tax and from all of local sales tax for new trucks, new automobiles, and new aircraft withdrawn from stock by factory-authorized new truck, new automobile, and new aircraft dealers, and used trucks and used automobiles withdrawn from stock by new or used motor vehicle dealers, which are withdrawn for use as demonstrators. Requires motor vehicles to obtain dealer inventory plates and requires the motor vehicles and new aircraft to be titled in the dealer's name for use as demonstrators and to be kept primarily on the dealer's premises during normal business hours to be available for demonstration purposes. However, authorizes the occasional use of the demonstrator by authorized personnel of the dealer.

Proposed law grants a similar sales tax exemption for new boats, vessels, or other water craft which comply with all of the following:

1. They are registered in a dealer's name.
2. They are reported by the dealer to the Department of Revenue as demonstrators and are clearly identified as demonstrators in the manner required by the department.
3. They are used by those designated by such dealer for any activity which results in the advertisement, promotion of sales, or demonstration of the qualities of the boat for the purpose of increasing sales of such boats; provided that such use does not occur on more than 6 consecutive days and does not occur on more than 12 days in any calendar month. The dealer is required to keep such logs or other records of the use as required by the department.
4. They are ultimately sold at retail.

Proposed law provides that the sales and use tax imposed by the state, its statewide taxing authorities, or any of its political subdivisions shall not apply to the "sales price" or "cost price" of railroad ties that a railroad purchases prior to long-term preservative treatment and installs into the railroad's track system outside the taxing jurisdiction of the respective taxing authority, whether it be the state, a statewide taxing authority, or a political subdivision.

Proposed law provides that for purposes of sales and use taxes imposed by the state, any statewide taxing authority, or any political subdivision, the term "tangible personal property" shall not include any property that would have been considered immovable property prior to the enactment on July 1, 2008, of Act No. 632 of the 2008 Regular Session. Further provides that purpose of Sections 2 and 3 of proposed law is to restore the prior definition of a component part for sales tax purposes consistent with Act No. 301 of the 2005 Regular Session and Act No. 594 of the 2006 Regular Session.

Proposed law further establishes a collaborative working group of state and local tax administrators and industry representatives for the purpose of assisting in developing policy regarding the determination of which items should be considered as moveable or immovable property for the purposes of state and local sales and use tax. Requires the Dept. of Revenue to call an organizational meeting of the group no later than August 15, 2009, at which the group shall elect a chairman who shall be responsible for calling future meetings and organizing the work of the group. Requires the group to meet at least once each calendar quarter thereafter. Provides that the members of the group shall serve without compensation. Provides that the group shall study and develop specific proposals on the definition of tangible personal property under Chapters 2, 2-A, 2-B and 2-D of Title 47 of the La. Revised Statutes. Provides that the group report its policy recommendations to the chairmen of the House Committee on Ways and Means and Senate Committee on Revenue and Fiscal Affairs no later than January 31, 2011. Provides that the group shall cease to exist on June 30, 2011.

Proposed law provides that the portions related to the legislative intent with respect to Act No. 632 of the 2008 Regular Session are to be applied retroactively and applicable to all transactions occurring on or after July 1, 2008.

Effective July 1, 2009.

(Amends R.S. 47:303(D)(1) and 305(D)(1)(i) and (H); adds R.S. 47:301(16)(q), 305.50(F) and 321(H)(3))

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