
DIGEST

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HB 28 Original

2016 Second Extraordinary Session

Gregory Miller

Abstract: Changes the state and local sales and use tax exclusion for the sale of materials for further processing to a state and local sales and use tax exemption for the sale of raw materials for further processing.

Present law provides for the definitions to be used in the administration of state and local sales and use taxes.

Present law defines "sale at retail" to exclude the sale of materials for further processing into articles of tangible personal property.

Proposed law repeals the state and local sales and use tax exclusion for the sale of materials for further processing and enacts a state and local sales and use tax exemption for the same purpose.

Proposed law establishes the following criteria for the determination of qualification for the exemption:

- (1) The raw materials become a recognizable and identifiable component of the primary end product.
- (2) The raw materials are beneficial to the primary end product.
- (3) The raw materials are materials for further processing, and as such, are purchased for the primary purpose of inclusion into the primary end product.

Proposed law is intended to clarify the original intent of the special tax treatment of sales of materials for further processing, and thus provides that proposed law shall be applicable for all pending refund claims, applicable for any and all tax periods not barred by prescription, and applicable to any and all claims arising or actions filed on or after the effective date of proposed law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:301(10)(c)(i); Adds R.S. 47:305.4)