
DIGEST

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HB 27 Engrossed

2016 Second Extraordinary Session

Broadwater

Abstract: Regarding the state and local sales and use tax exclusion for the sale of materials for further processing, adds criteria for qualification for the exclusion.

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 retains present law and adds the following criteria for qualification for the exclusion:

- (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)(aa))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Delete provisions that repeal the sales and use tax exclusion and establish a sales and use tax exemption.

2. Retain the criteria for qualification for purposes of the sales and use tax exclusion.