

## RÉSUMÉ DIGEST

ACT 26 (HB 62)

2016 First Extraordinary Session

Jackson

New law imposes a new 1% state sales and use tax upon the sale at retail, the use, the consumption, the distribution, and the storage for use or consumption in this state of each item or article of tangible personal property as well as certain services.

New law imposes the tax from April 1, 2016, through June 30, 2018. The tax shall cease to be effective on July 1, 2018.

Prior law established a dedication for economic development activities of an amount equal to 0.004% of *all* state sales and use tax annual collections that remained after satisfaction of the requirements of the existing constitution for the Bond Security and Redemption Fund.

New law specifies that the dedication of sales tax provided in prior law shall not apply to the avails of the new tax.

Existing law provides definitions for terms used for purposes of state and local sales and use tax, which include specific exclusions from the tax base. Existing law also establishes a wide variety of exemptions from state sales and use taxes.

New law authorizes only the following exclusions and exemptions to be applicable to the new tax:

- (1) Food for home consumption, including soft drinks, bakery items, fresh produce, 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 U.S. 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) Materials used in the collection of blood.

- (19) Aphaeresis kits and leuko reduction filters.
- (20) Donation to schools and food banks from resale inventory.
- (21) Manufacturers rebates on new motor vehicles.
- (22) Lease or rentals of railroad rolling stock.
- (23) Purchases and leases by free hospitals.
- (24) Purchases by nonprofit entities that sell donated goods.
- (25) Sales of tangible personal property for resale.
- (26) Purchases of property for lease or rental.
- (27) Isolated or occasional sales of tangible personal property.
- (28) Use of motor vehicles in La. by active duty military.
- (29) Purchases made with food stamps and WIC.
- (30) Articles traded in on purchases of tangible personal property.
- (31) Donations of toys.
- (32) Stocks, bonds, notes or other obligations or securities.
- (33) Credit for sales and use taxes paid to other states on tangible personal property imported in La.
- (34) Work product of certain professionals.
- (35) Purchases by regionally accredited independent educational institutions.
- (36) Sales through coin-operated vending machines.
- (37) Purchases by a private postsecondary academic degree-granting institution.
- (38) Purchases of food items for school lunch or breakfast programs by nonpublic elementary or secondary schools.
- (39) Repair services performed in La. when the repaired property is exported.
- (40) Funeral directing services.
- (41) Sales of feed and feed additives for animals held for business purposes.
- (42) Sales of farm products produced and used by farmers.
- (43) Sales of fertilizers and containers to farmers.
- (44) Sales of seeds for planting crops.
- (45) Sales of pesticides for agricultural purposes.
- (46) Sales of materials for further processing.
- (47) Transactions in interstate commerce and tangible personal property imported into this state, or produced or manufactured in La. for export.
- (48) Any advertising service rendered by an advertising business.
- (49) The price of a factory built home.

- (50) The cost price for the printing of a news publication.
- (51) The definition of "lease or rental" for purposes of the lease or rental of a crane and related equipment with an operator.
- (52) The sales price for new farm equipment used in poultry production.
- (53) The gross proceeds derived from the sale of livestock at public sales sponsored by breeders' or registry associations or livestock auction markets.
- (54) Vehicle rentals for re-rental to warranty customers.
- (55) Sales of trucks, trailers, and buses if used at least 80% of the time in interstate commerce.
- (56) Sales of ships, vessels, barges, and related supplies.
- (57) Purchases by a council on aging.
- (58) Sale of materials and supplies used in the production of crawfish and catfish.
- (59) Sale of pharmaceuticals administered to livestock.
- (60) The first \$50,000 in value of certain new farm equipment.
- (61) Sale of livestock, poultry, and other farm products direct from the farm.
- (62) Sale of agricultural products by a person other than the producer, for use in further processing.
- (63) Sales by and to the state and its political subdivisions.
- (64) Sale of freight cars, piggy-back cars, rail rolling stock, and railroad ties.
- (65) Sales of manufacturing machinery and equipment, beginning July 1, 2016.

New law provides that the avails of the new tax shall not be subject to dedication or distribution for any tax increment financial district or economic development project.

New law terminates on June 30, 2018.

Applicable for taxable periods beginning on and after April 1, 2016.

Effective April 1, 2016.

(Amends R.S. 47:301(3), (7), (10), (13), (14), (16), (18), and (28) and 318(A); Adds R.S. 47:321.1)