

RÉSUMÉ DIGEST**ACT 25 (HB 61)****2016 First Extraordinary Session****Jay Morris**

Existing law imposes a combined 4% rate for state sales and use tax upon the sale at retail, the use, the consumption, the distribution, the storage, lease, or rental of tangible personal property in La., as well as certain specific services.

Existing law establishes a variety of state sales and use tax exclusions and exemptions.

New law suspends numerous exemptions and exclusions from the state sales and use tax (R.S. 47:302, 321, and 331) for two different periods of time, both occurring between April 1, 2016 and June 30, 2018.

New law provides that the suspension of certain exemptions and exclusions for purposes of two of the tax levies, R.S. 47:321 and 331, expires July 1, 2016. The suspension with respect to the other tax levy, R.S. 47:302 remains effective through July 1, 2018.

New law provides that beginning April 1, 2016, through July 1, 2018, all exclusions and exemptions to the state sales and use tax imposed under R.S. 47:302 are inoperable, except for the following:

- (1) Food for home consumption, as defined in existing law and existing constitution on Jan. 1, 2003.
- (2) Natural gas, as provided in existing constitution.
- (3) Electricity, as provided in existing constitution.
- (4) Water, as provided in existing constitution.
- (5) Prescription drugs, as provided in existing constitution.
- (6) Gasoline and other motor fuels subject to the state excise tax on fuel.
- (7) Sales to the U.S. government and its agencies.
- (8) Sales of raw agricultural products.
- (9) Lease or rentals of railroad rolling stock, piggyback trailers, and certain trucks and trailers in interstate commerce.
- (10) Tangible personal property for resale.
- (11) Feed and feed additives for animals held for business purposes.
- (12) Farm products produced and used by farmers.
- (13) Sales of fertilizers and containers to farmers.
- (14) Sales of seeds for planting crops.
- (15) Sales of pesticides for agricultural purposes.
- (16) Purchases, use, and lease of manufacturing machinery and equipment.
- (17) Sales of materials for further processing.
- (18) Sale of 50-ton vessels and new component parts and sales of certain materials and services to vessels operating in interstate commerce.
- (19) Louisiana Tax Free Shopping Program for international visitors.

- (20) Sales of farm equipment used in poultry production.
- (21) Sales of pharmaceuticals administered to livestock for agricultural purposes.
- (22) Sales of livestock, poultry and other farm products and sales at public livestock auctions.
- (23) Materials used in the production of crawfish and catfish.
- (24) First \$50,000 of farm equipment purchases.
- (25) Fuel used on the farm.
- (26) Taxation of electrical cooperatives.
- (27) Overhaul of naval vessels.
- (28) Purchases by state and local governments.
- (29) Transactions in interstate commerce and tangible personal property imported into this state, or produced or manufactured in this state, for export.
- (30) Parish councils on aging.
- (31) Articles traded in on purchases of tangible personal property.
- (32) A factory built home.

New law provides that beginning April 1, 2016, through July 1, 2016, all exclusions and exemptions to the state sales and use tax imposed under R.S. 47:321 and 331 are inoperable, except for the following:

- (1) Food for home consumption, as defined in existing law and existing constitution on Jan. 1, 2003.
- (2) Natural gas, as provided in existing constitution.
- (3) Electricity, as provided in existing constitution.
- (4) Water, as provided in existing constitution.
- (5) Prescription drugs, as provided in existing constitution.
- (6) Fuel that is subject to the road-use excise tax, as provided in existing constitution.
- (7) Sales to the U.S. government and its agencies.
- (8) Sales of raw agricultural products.
- (9) Lease or rentals of railroad rolling stock, piggyback trailers, and certain trucks and trailers in interstate commerce.
- (10) Tangible personal property for resale.
- (11) Feed and feed additives for animals held for business purposes.
- (12) Farm products produced and used by farmers.
- (13) Sales of fertilizers and containers to farmers.
- (14) Sales of seeds for planting crops.

- (15) Sales of pesticides for agricultural purposes.
- (16) Purchases, use, and lease of manufacturing machinery and equipment, but only with respect to the state sales and use tax levy in R.S. 47:331. New law provides that these exclusions are inoperable with respect to the state sales and use tax levy in R.S. 47:321 beginning April 1, 2016, through June 30, 2018.
- (17) Sales of materials for further processing.
- (18) Sale of 50-ton vessels and new component parts and sales of certain materials and services to vessels operating in interstate commerce.
- (19) Louisiana Tax Free Shopping Program for international visitors.
- (20) Sales of farm equipment used in poultry production.
- (21) Sales of pharmaceuticals administered to livestock for agricultural purposes.
- (22) Sales of livestock, poultry and other farm products and sales at public livestock auctions.
- (23) Materials used in the production of crawfish and catfish.
- (24) First \$50,000 of farm equipment purchases.
- (25) Fuel used on the farm.
- (26) Taxation of electrical cooperatives.
- (27) Overhaul of naval vessels.
- (28) Purchases by state and local governments.
- (29) Transactions in interstate commerce and tangible personal property imported into this state, or produced or manufactured in this state, for export.
- (30) Parish councils on aging.
- (31) Articles traded in on purchases of tangible personal property.
- (32) A factory built home.

Prior law provided for a graduated exemption to the state sales and use tax levied in R.S. 47:331 for sales of steam, water, electric power, and natural gas beginning July 1, 2004, through June 30, 2009.

New law provides that the exemptions in prior law are inapplicable, inoperable, and of no effect through April 1, 2019.

Existing law provides for an exemption to the state sales and use tax levied in R.S. 47:331 for sales or purchases of utilities used by certain steelworks, blast furnaces, coke ovens, or rolling mills for all taxable periods beginning on or after July 1, 2007.

New law suspends the exemption in existing law beginning April 1, 2016, through March 31, 2019.

Existing law requires certain health maintenance organizations operating in La. to pay an annual license tax on the gross amount of its receipts from contracts for coverage at the same rate as the license tax on life insurance companies.

New law requires the rate of tax for health maintenance organizations with enrollment for coverage in the individual market in Louisiana greater than 55,000 individuals to be \$600 for every \$10,000 of gross annual premiums collected. Further authorizes the Comm. of Ins., in consultation with the Scty. of Dept. of Health and Hospitals, to prescribe rules for implementation.

New law provides that the rate of tax in new law becomes effective only if the Centers for Medicare and Medicaid Services issues any approval that may be required.

Prior law authorized a dealer to deduct \$25 per cash register as compensation for the cost of reprogramming cash registers as a result of a change in the state sales and use tax rate or base. The amount was deducted from the state tax collections before they are remitted to the Dept. of Revenue.

New law repeals prior law.

Effective April 1, 2016.

(Amends R.S. 22:270 and R.S. 47:301(7)(h) and (14)(b)(i), and 331(P) and (Q); Adds R.S. 47:302 (V), (W), and (X), 321(L), (M), (N), and (O), and 331(S), (T), and (U) ; Repeals §4 of Act No. 386 of 1990 R.S.)