
DIGEST

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HB 257 Original

2023 Regular Session

Wright

Abstract: Reduces the state sales and use tax rate from 4.45% to 4% and extends sales and use taxes imposed by the state and political subdivisions to digital goods delivered into La.

Present law imposes state sales and use taxes on the sale, use, lease, or rental of tangible personal property pursuant to the following levies in the following amounts:

R.S. 47:302 - 2%

R.S. 47:321 - 1%

R.S. 47:321.1 - .45%

R.S. 47:331 - .97%

R.S. 51:1286 - .03%

Proposed law repeals the present law state sales and use tax levy of .45% (R.S. 47:321.1).

Present law suspends numerous exemptions from the four levies of state sales and use tax (R.S. 47:302, 321, 321.1, and 331) through June 30, 2025, and provides a list of exemptions that are currently effective.

Present law authorizes numerous sales and use tax exemptions and exclusions.

Present law suspends effectiveness of various sales and use tax exemptions and exclusions, through June 30, 2025, thereby making these items subject to state sales and use tax.

Proposed law retains present law.

Proposed law provides that for purposes of sales and use taxes imposed by the state and political subdivisions, "digital goods" shall be considered tangible personal property and shall be defined as all of the following:

- (1) Digital products or prewritten computer software delivered electronically to an end user, regardless of whether the end user receives permanent or temporary rights to access or utilize the product or software or whether the end user is required to make continued payments for the rights or access.
- (2) Digital products or prewritten computer software in which a person may be permitted rights for access or use and possession is maintained by the seller or a third party, regardless of

whether charges for access or utilization are per use, per user, per license, or by subscription.

- (3) Digital codes.
- (4) Rights, licenses, or benefits delivered electronically to enhance, maintain, update, renew, upgrade, or expand benefits for digital products or prewritten computer software.

Proposed law defines a "digital code" as a key, activation, or enabling code that provides the purchaser with a right or access to obtain one or more digital products that may be obtained by any means including electronic or tangible means. Digital code shall not include a code that represents stored monetary value that is deducted from a total as it sued by the purchaser or a redeemable card, gift card, or gift certificate that entitles the holder of the instrument to select specified digital products of an indicated cash value.

Proposed law provides that a "digital product" shall include the following:

- (1) Digital audiovisual works.
- (2) Digital audio works.
- (3) Digital books.
- (4) Digital artwork.
- (5) Digital photographs.
- (6) Digital periodicals.
- (7) Digital newspapers.
- (8) Digital magazines.
- (9) Digital video greeting cards.
- (10) Audio greeting cards.
- (11) Digital greeting cards or invitations.
- (12) Video games.

Effective July 1, 2023.

(Amends R.S. 47:301(4)(intro. para.); Adds R.S. 47:301(32); Repeals R.S. 47:321.1)