

## RÉSUMÉ DIGEST

ACT 384 (HB 578)

2025 Regular Session

Emerson

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

- (1) R.S. 47:302 - 2%
- (2) R.S. 47:321 - 1%
- (3) R.S. 47:321.1 - 1%
- (4) R.S. 47:331 - 1%

Existing law provides for the reduction in the state sales tax rate from 5% to 4.75% beginning Jan. 1, 2030.

Prior law required the treasurer to deposit in and credit 0.3% of the avails of the 1% state sales tax levied pursuant to R.S. 47:331 to the La. Tourism Promotion District for purposes of assisting the state in the promotion of tourism.

New law changes the amount of the dedication for the promotion of tourism from 0.3% of the avails of the 1% state sales tax levied pursuant to R.S. 47:331 to 3% of the avails of the 1% state sales and use tax levied pursuant to R.S. 47:331.

Existing law defines a "dealer" as every person who manufactures or produces tangible personal property or digital products for sale at retail, for use, or consumption, or distribution, or for storage to be used or consumed in a taxing jurisdiction. "Dealer" also includes any person who sells for delivery into La. tangible personal property, products transferred electronically, or services, and who does not have a physical presence in La., if during the previous or current calendar year the person's gross revenue for sales delivered into this state exceeded \$100,000 from sales of tangible personal property, products transferred electronically, or services.

New law with respect to dealers adds digital products to the items that a person sells or delivers into this state by persons who do not have a presence in La. and adds digital products to the sales or transfers that are used in calculating the \$100,000 sales threshold.

Existing law provides that state and local sales taxes apply to repairs and maintenance of tangible personal property including the repair and servicing of items such as automobiles, vehicles, boats and vessels, electrical and mechanical appliances and equipment, furniture, rugs, watches, clocks, jewelry, and refrigerators. Prior law included flooring within the category of repairs and services subject to state and local sales and use taxes.

New law removes flooring from the list of services subject to state and local sales and use taxes.

Existing law provides that sales taxes of *any taxing authority* shall apply to the providing of information services such as global positioning system services including driving directions and sports, news, and similar information provided through satellite audio programming services.

Prior law provided that sales taxes of *any taxing authority* applied to the providing of cable television services, direct-to-home satellite services, video programming services, and satellite digital audio radio services.

New law provides that cable television services, direct-to-home satellite services, video programming services provided by cable television and satellite service providers, and satellite digital audio radio services shall only be subject to *state* sales tax.

New law exempts the lease or rental of motor vehicles by licensed motor vehicle dealers or vehicle manufacturers for their use in furnishing leased or rented motor vehicles to their customers in performance of their obligations under warranty agreements associated with the

purchase of a motor vehicle or when the applicable warranty has lapsed and the leased or rented motor vehicle is provided to the customer at no charge from sales taxes of any taxing authority.

Existing law exempts educational materials or equipment used for classroom instruction by approved parochial and private elementary and secondary schools from the sales and use tax imposed by taxing authorities. Further exempts the sale of admissions to athletic and entertainment events held for or by parochial and private elementary and secondary schools.

New law adds the purchase, lease, or rental of educational materials to the items exempted from sales and use tax. Further extends the exemption for admissions to athletic and entertainment events held at schools to include public schools.

Prior law provided that any municipal corporation, parish, sewerage, or water district that entered into a contract with a private nonprofit company to construct or operate a sewerage or wastewater treatment facility was exempt from the same sales tax as the municipal corporation, parish, sewerage, or water district.

New law provides that any private nonprofit company that enters into a contract with a municipal corporation, parish, sewerage, or water district to construct or operate a sewerage or wastewater treatment facility shall be exempt from the same sales tax as the municipal corporation, parish, sewerage, or water district.

New law requires multiple listing services by real estate licensees and brokers to be sourced to the location of the licensee's or broker's La. regional real estate association office. Further defines "multiple listing services" as a platform or database used by real estate licensees and brokers to share property listings that are marketed for sale, rent, or lease, and is available only to real estate licensees and brokers.

Existing law exempts digital products used by licensed healthcare facilities and providers for storing or transmitting healthcare information or for the diagnosis or treatment of a medical condition from sales taxes imposed by taxing authorities.

New law extends the sales tax exemption to computer software or prewritten computer software access services used by licensed healthcare facilities and providers for storing or transmitting healthcare information or for the diagnosis or treatment of a medical condition. Further requires the secretary of the Dept. of Revenue (DOR) to promulgate rules to implement the exemption provided for in new law and to begin the process of rule promulgation before Dec. 31, 2025.

New law adds exemptions from sales taxes imposed by taxing authorities for the following:

- (1) Admission charges for, outside gate admissions to, or parking fees associated with, events sponsored by domestic, civic, educational, historical, charitable, fraternal, or religious organizations, which are nonprofit, when the entire proceeds, except for necessary expenses, are used for educational, charitable, religious, or historical restoration purposes. (R.S. 47:305.14)
- (2) Purchases by a nonprofit organization which conducts a comprehensive program on sickle cell disease which includes free education, free testing, free counseling, and free prescriptions, transportation, and food packages for sickle cell patients. (R.S. 47:305.21)
- (3) Sales of construction materials to Habitat for Humanity affiliates. (R.S. 47:305.22)
- (4) Purchases by qualifying radiation therapy treatment centers of capital equipment and of software used to operate capital equipment. (R.S. 47:305.64)

Existing law provides for a state sales and use tax exemption for the sale, purchase, lease, or importation of motor vehicles, trailers, or semitrailers as defined in existing law stored, used, or consumed in this state exclusively for lease or rental, provided that the gross

proceeds derived from the lease or rental of the property not previously taxed shall be at reasonable market rates.

New law extends the exemption to local sales and use taxes, thereby making the exemption applicable to taxes levied by all taxing authorities.

New law provides for establishment of the Local Revenue Fund as a special fund in the state treasury (hereinafter "fund"). After allocation of money to the Bond Security and Redemption Fund as provided for in existing constitution, the treasurer is required to deposit in and credit to the fund the avails of the additional 5% tax levied in existing law on telecommunications services, cable televisions services, direct-to-home satellite services, video programming services, and satellite digital audio radio services in this state and any other revenue dedicated to the fund by the legislature.

New law requires monies in the fund to be used solely for distribution to ad valorem tax recipient bodies within a parish to offset losses attributable to business inventory exemptions to the ad valorem tax granted by a parish.

Existing law provides that the sales and use tax imposed by the state or any of its political subdivisions shall not apply to the purchase, use, or lease of certain qualifying trucks and requires that a qualifying truck be registered as a Class 1 vehicle as defined in existing law.

New law adds a requirement that a Class 1 vehicle be registered in La.

Existing law provides any political subdivision that is authorized by the constitution and laws of the state to levy and impose a sales and use tax pursuant to a proposition approved in an election held for that purpose shall impose, levy, administer, and collect the tax by local ordinance.

Existing law requires the local ordinance to contain the rate of the sales and use tax, the effective date of the tax, the term of the tax, vendor's compensation, exclusions and exemptions adopted pursuant to legislation enacted, and the penalty, interest, or attorney fees due on the sales and use tax.

New law adds a requirement that the local ordinance contain the purposes for which the tax proceeds are to be used.

Existing law authorizes a political subdivision to provide for a sales and use tax exemption for the sales, purchase, or lease and rental price of manufacturing machinery and equipment.

New law provides that any local ordinance or resolution adopting an exemption for the lease or rental price of manufacturing machinery and equipment in effect on December 31, 2024, shall remain in effect, even if the ordinance or resolution does not adopt all of the statutory sales tax definitions, exemptions, and limitations for the exemption as provided in existing law.

New law provides that political subdivisions, including municipalities and parishes, may provide for a sales and use tax exemption for the amount paid by qualifying radiation therapy treatment centers for the purchase, lease, or repair of capital equipment and the purchase, lease, or repair of software used to operate capital equipment.

New law provides that except for exemptions required by law, a political subdivision may provide for a local sales and use tax exemption for certain medical supplies exempt from state taxes in existing law.

New law authorizes a political subdivision by ordinance or resolution to provide for an optional local sales tax exemption but requires the ordinance or resolution to adopt all of the definitions, exemptions, and limitations included in the state sales tax statute.

New law exempts charges for repairs to tangible personal property when the repaired property is delivered to a common carrier or to the U.S. Postal Service for transportation outside the state or delivered outside the state by use of the repair dealer's own vehicle or by

use of an independent trucker from sales taxes from any taxing authority. However, this exemption is permissive rather than mandatory for sales taxes levied by local taxing authorities.

New law provides that for purposes of the exemption, the delivery of aircraft may be made by the best available means and offshore areas shall not be considered another state for the purposes of this exemption.

Existing law provides that the tax imposed by any taxing authority shall not apply to sales of materials, equipment, and machinery that enter into and become component parts of certain ships, vessels, or barges. New law adds software to the exemption.

Existing law provides that taxes imposed by any taxing authority shall not apply to materials and supplies purchased by the owners or operators of certain ships, barges, or vessels; repair services performed upon such ships, barges, or vessels; or laundry services performed for the owners or operators of such ships, barges, or vessels.

New law adds software, digital goods, prewritten computer software access services, and certain information services to the exemption.

New law shall not be construed to exempt purchases of software, digital products, or services that are used for routine business operations not specific to the commercial operations of a vessel or for entertainment, leisure, or recreation of crew members or any other person on the vessel.

Existing law defines a "vessel" to mean a ship, vessel, or barge, including a commercial fishing vessel, drilling ship, or drilling barge.

Existing law provides the sales and use tax imposed by taxing authorities shall not apply to the purchase, lease, or rental of items of tangible personal property or services by a regionally accredited independent institution of higher education which is a member of the La. Association of Independent Colleges and Universities, if the purchase, lease, or rental is directly related to the educational mission of the institution.

New law adds an exemption for the purchase, lease, or rental of tangible personal property or services by the Edward Via College of Osteopathic Medicine if the purchase, lease, or rental is directly related to the educational mission of the institution.

Existing law exempts the state, any parish, city and municipality, district, or other political subdivision thereof, or any agency, board, commission, or instrumentality of this state or its political subdivisions from sales and use taxes imposed by any taxing authority.

New law extends the sales tax exemption for governmental transactions to purchases made by general contractors or their subcontractors related to work performed by such contractors pursuant to construction contracts for public projects for state and local governments or to any agency, board, commission or instrumentality of the state or its political subdivisions. However, for purposes of state sales and use taxes, the exemption shall not apply to purchases made as part of a payment in lieu of taxes or other similar agreement, unless the agreement is approved by the secretaries of DOR and La. Economic Development.

New law requires the general contractor or their subcontractor to obtain a certificate of exemption from the secretary of DOR prior to claiming the exemption. Further provides that the certificate of exemption shall be in a form and manner prescribed by the secretary.

New law limits the state and local sales and use taxes levied on boats registered in La. from exceeding \$20,000 after application of the credits provided for in existing law if the tax is paid within 90 days of purchase. If the aggregate state and local sales and use tax on a boat would have equaled an amount exceeding \$20,000, the actual tax collected shall be divided equally between state and local taxing authorities.

New law further requires, beginning July 1, 2030, for the \$20,000 maximum amount of taxes on boat registrations to be adjusted by an amount calculated by multiplying the amount of

the prior year's amount by the percentage increase in the Consumer Price Index U.S. city average for all urban consumers (CPI-U), as reported by the U.S. Dept. of Labor, Bureau of Labor Statistics, or its successor.

New law establishes the initial annual baseline collection rate for the sales tax area of a medical and bioscience district first established by the legislature during the 2005 R.S. shall be \$1,272,394.

## **Applicability and Effectiveness**

The provisions of new law with respect to software and digital products as a part of ships and ships' supplies, the purchase, lease, or rental of educational materials by the Edward Via College of Osteopathic Medicine, certain purchases by general contractors for public projects, and the exemption for sales taxes on purchases of certain boats are applicable to taxable periods beginning on or after July 1, 2025.

The provisions of new law with respect to charges for certain repair services, the lease or rental of motor vehicles by licensed motor vehicle dealers or vehicle manufacturers, the exemption with respect to certain nonprofit organizations, the exemption for sickle cell disease organizations, the exemption for Habitat for Humanity, and the exemption for qualifying radiation therapy treatment centers are applicable to taxable periods beginning on or after Jan. 1, 2025, for purposes of state sales and use tax and to taxable periods beginning on or after July 1, 2025, for purposes of sales and use taxes levied by a political subdivision.

All other provisions of new law are applicable to taxable periods beginning on or after Jan. 1, 2025.

Effective upon signature of governor (June 20, 2025).

(Amends R.S. 47:301(3)(a), (4)(k)(i), (10), (13)(a), (16)(d), (18)(a) and (c)(i), and (27)(x)(ix), 301.1(F), 301.3(7)(a) and (10)(a), 305.1(A), (B), (C)(1)(intro. para.) and (c) and (3)(a), 305.2(A)(5), 305.6(1), (5), and (6), 305.7(A)(1) and (2), 305.12(D), 305.33, 305.36(A), (B), and (C)(1), 305.50(A)(2)(b)(i), 305.75(A), 321(A), 321.1(A), (B), and (C)(2), 331(A) and (B), and 337.10(A) and (D) and R.S. 51:1286(A); Adds R.S. 33:9038.34(P), R.S. 39:100.118, and R.S. 47:301.3(11), 301.4(C)(4), 305(E)(4) and (L), 305.1(C)(6), 305.12(E), 305.14, 305.21, 305.22, 305.23, 305.64, 337.4(B)(4), and 337.10(E); Repeals R.S. 47:301.6(B) and (C), 305.2(A)(4), and 305.36(E))