

Regular Session, 2011

HOUSE BILL NO. 486

BY REPRESENTATIVE GREENE

TAX/SALES-USE-EXEMPT: Clarifies that video-on-demand and pay-per-view services shall be exempt from state and local sales and use tax

1 AN ACT

2 To amend and reenact R.S. 47:305.16 and to enact R.S. 47:305.16.1, relative to sales and use  
3 tax; to provide relative to the sales and use tax exemption for cable television  
4 installation; to provide relative to a sales and use tax exemption on video  
5 programming and television service; to provide relative to the definition of regular  
6 service; to clarify that certain services shall be considered regular service; to provide  
7 for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:305.16 is hereby amended and reenacted to read as follows:

10 §305.16. Exclusions and exemptions; cable television installation regular service  
11 and repair

12 The sales and use taxes imposed by the state or by any political subdivision  
13 thereof shall not apply to necessary fees incurred in connection with the installation  
14 and service of cable television. Such exemption shall not apply to purchases made  
15 by any cable television system, but shall ~~only~~ apply only to funds collected from the  
16 subscriber for regular service, installation, and repairs. Regular service shall include  
17 but not be limited to basic channels, premium channels, video-on-demand, pay-per-  
18 view services, and other services transmitted through a cable signal.

1 Section 2. R.S. 47:305.16.1 is hereby enacted to read as follows:

2 §305.16.1. Exclusions and exemptions; video programming and television service

3 The sales and use taxes imposed by the state or any political subdivision of  
4 the state shall not apply to necessary fees incurred in connection with the installation  
5 and delivery of multi-channel video programming service or subscription television  
6 service by satellite or Internet protocol television. The exemption provided for in  
7 this Section shall not apply to purchases made by any satellite or Internet protocol  
8 television system, but shall apply only to monies collected from the subscriber for  
9 regular service, installation, and repairs. Regular service shall include but not be  
10 limited to basic channels, premium channels, video-on-demand, pay-per-view  
11 services, and other services transmitted through a satellite or Internet protocol  
12 television signal.

13 Section 3. The provisions of this Act shall be construed to be curative and remedial  
14 in nature. Section 1 of this Act clarifies the intention of the legislature when the original  
15 statute was enacted, is not meant to constitute a new interpretation of law or a change in  
16 existing practice, and shall have retroactive application. Section 2 of this Act recognizes the  
17 various technologies through which video programming and television service is delivered,  
18 does not constitute a change in existing practice, and shall have retroactive application.

19 Section 4. This Act shall become effective on July 1, 2011; if vetoed by the governor  
20 and subsequently approved by the legislature, this Act shall become effective on July 1,  
21 2011, or on the day following such approval by the legislature, whichever is later.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Greene

HB No. 486

**Abstract:** For purposes of the state and local sales and use tax exemption for installation of cable television, defines "regular service" to include basic channels, premium channels, video-on-demand, pay-per-view services, and other services transmitted through a cable signal.

Present law provides for an exemption from state and local sales and use tax for necessary fees incurred in connection with the installation and service of cable television. Further

provides that the exemption shall only apply to funds collected from the subscriber for regular service, installation, and repairs.

Proposed law retains present law and defines "regular service" to include but not be limited to basic channels, premium channels, video-on-demand, pay-per-view services, and other services transmitted through a cable signal.

Present law provides that the exemption shall not apply to purchases made by any cable television system.

Proposed law retains present law.

Proposed law provides for an exemption from state and local sales and use tax for necessary fees incurred in connection with the installation and delivery of multi-channel video programming service or subscription television service by satellite or Internet protocol television. Further provides that proposed law shall not apply to purchases made by any satellite or Internet protocol television system, but shall only apply to monies collected from the subscriber for regular service, installation, and repairs.

Proposed law provides that regular service shall include but not be limited to basic channels, premium channels, video-on-demand, pay-per-view services, and other services transmitted through a satellite or Internet protocol television signal.

Proposed law provides that proposed law clarifies the meaning of present law and is not meant to constitute a new interpretation of law or a change in existing practice and shall have retroactive application. Further provides that proposed law recognizes the various technologies through which video programming and television service is delivered.

Effective July 1, 2011.

(Amends R.S. 47:305.16; Adds R.S. 47:305.16.1)

#### Summary of Amendments Adopted by House

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

1. Added services such as basic channels, premium channels, video-on-demand, pay-per-view services, and other services transmitted through a cable signal within the description of "regular service".
2. Added a state and local sales and use tax exemption for necessary fees incurred in connection with the installation and delivery of multi-channel video programming service or subscription television service by satellite or Internet protocol television.
3. Clarified that the sales and use tax exemption shall only apply to monies collected from the subscriber for regular service, installation, and repairs.
4. Added provision that proposed law is intended to clarify the legislative intent of present law and is not meant to change the existing collection practices for sales and use taxes on these services. Further provides for retroactive application.
5. Changed the effective date of proposed law from upon signature of governor to July 1, 2011.