Regular Session, 2011

HOUSE BILL NO. 247

BY REPRESENTATIVE HENRY

TAX/SALES & USE: Excludes from state and local sales and use tax the sales of tangible personal property and services sold by the sponsor at events sponsored by certain nonprofit organizations

AN ACT

To amend and reenact R.S. 47:305.14(A)(1) and to enact R.S. 47:301(10)(hh) and (14)(k), relative to sales and use tax imposed by the state and certain other political subdivisions; to exclude certain sales of tangible personal property and services sold at certain events sponsored by a tax exempt nonprofit organization; to exclude certain sales of tangible personal property and services sold at certain events sponsored by a tax exempt nonprofit organization when the organization has contracted for certain services associated with the event; to provide an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:305.14(A)(1) is hereby amended and reenacted and R.S. 47:301(10)(hh) and (14)(k) are hereby enacted and to read as follows:

§301. Definitions

As used in this Chapter the following words, terms, and phrases have the meaning ascribed to them in this Section, unless the context clearly indicates a different meaning:

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(hh) For purposes of sales and use tax imposed by the state, any political subdivision whose boundaries are coterminous with those of the state, or any other

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political subdivision, the term "sale at retail" shall not include the sale of tangible personal property at an event providing Louisiana heritage, culture, crafts, art, food, and music which is sponsored by a domestic nonprofit organization that is exempt from tax under Section 501(c)(3) of the Internal Revenue Code. The provisions of this Subparagraph shall apply only to an event which transpires over a minimum of seven days and has a five-year annual average attendance of at least three hundred thousand over the duration of the event. For purposes of determining the five-year annual average attendance, the calculation shall include the total annual attendance for each of the five most recent years. The provisions of this Subparagraph shall apply only to sales by the sponsor of the event.

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(14)

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(k) For purposes of sales and use tax imposed by the state, any political subdivision whose boundaries are coterminous with those of the state, or any other political subdivision, the term "sales of services" shall not mean or include admission charges for, outside gate admissions to, or parking fees associated with an event providing Louisiana heritage, culture, crafts, art, food, and music which is sponsored by a domestic nonprofit organization that is exempt from tax under Section 501(c)(3) of the Internal Revenue Code. The provisions of this Subparagraph shall apply only to an event which transpires over a minimum of seven days and has a five-year annual average attendance of at least three hundred thousand over the duration of the event. For purposes of determining the five-year annual average attendance, the calculation shall include the total annual attendance for each of the five most recent years. The provisions of this Subparagraph shall apply only to admission charges for, outside gate admissions to, or parking fees associated with an event when the charges and fees are payable to or for the benefit of the sponsor of the event.

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§305.14. Exclusions and exemptions; nonprofit organizations; nature of exemption; limitations; qualifications; newspapers; determination of tax exempt status

A.(1)(a) The sales and use taxes imposed by taxing authorities shall not apply to sales of tangible personal property at, or 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 such as fees paid for guest speakers, chair and table rentals, and food and beverage utility related items connected therewith, are used for educational, charitable, religious, or historical restoration purposes, including the furtherance of the civic, educational, historical, charitable, fraternal, or religious purpose of the organization. In addition, newspapers published in this state by religious organizations shall also be exempt from such taxes, provided that the price paid for the newspaper or a subscription to the newspaper does not exceed the cost to publish such newspaper.

(b) Notwithstanding any other provision of this Section, the sales and use tax imposed by taxing authorities shall not apply to an event sponsored by a domestic nonprofit organization that is exempt from tax under Section 501(c)(3) of the Internal Revenue Code when the event provides Louisiana heritage, culture, crafts, art, food, and music, and the sponsor has contracted for production management and financing services for the event. Such services shall constitute necessary expenses of the sponsor for purposes of the event. The provisions of this Subparagraph shall apply only to the sales of tangible personal property and admission charges for, outside gate admissions to, or parking fees associated with an event when the sales, charges, and fees are payable to or for the benefit of the sponsor of the event. The provisions of this Subparagraph shall apply only to an event which transpires over a minimum of seven days and has a five-year annual average attendance of at least three hundred thousand over the duration of the event. For purposes of determining

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the five-year annual average attendance, the calculation shall include the total annual attendance for each of the five most recent years.

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Section 2. This Act shall become effective on October 1, 2011.

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)]

Henry HB No. 247

Abstract: Excludes from state and local sales and use tax sales of tangible personal property and services at certain events providing La. heritage, culture, crafts, art, food, and music which are sponsored by a nonprofit organization.

Present law provides numerous definitions for purposes of sales and use tax levied by the state and its political subdivisions.

Proposed law retains present law and grants an exclusion from state and local sales and use tax for tangible personal property and services sold at events sponsored by a tax exempt nonprofit organization if the event transpires over at least seven days and has an average five-year annual attendance of 300,000 or more and provides La. heritage, culture, crafts, art, food, and music. The exclusion provided in proposed law is limited to sales by or for the benefit of the sponsor of the event.

Present law specifies that the sales and use tax imposed by taxing authorities shall not apply to sales of tangible personal property and services sold at events sponsored by a nonprofit organization when the entire proceeds, except for necessary expenses such as fees paid for guest speakers, chair and table rentals, and food and beverage utility related items connected therewith, are used for educational, charitable, religious, or historical restoration purposes, including the furtherance of the civic, educational, historical, charitable, fraternal, or religious purpose of the organization.

Proposed law retains present law and adds an exclusion from sales and use tax imposed by taxing authorities for the sales of tangible personal property and services sold at an event which is sponsored by a nonprofit organization if the event transpires over at least seven days and has an average five-year annual attendance of 300,000 or more and provides La. heritage, culture, crafts, art, food, and music, and for which the sponsor has contracted for production management and financing services for the event. Such services are deemed to be necessary expenses of the sponsor for purposes of the event.

Effective October 1, 2011.

(Amends R.S. 47:305.14(A)(1); Adds R.S. 47:301(10)(hh) and (14)(k))

Summary of Amendments Adopted by House

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

1. Added an effective date of Oct. 1, 2011.

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House Floor Amendments to the engrossed bill.

1. Added the requirement that an event must be one that transpires over seven days and has a five-year annual average attendance of at least 300,000.

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