

Sales Tax Streamlining and Modernization Commission
November 2, 2016 Meeting

Exclusions and exemptions to be considered.

Handwritten item number will coincide with item number designation on the spreadsheet.

Source: 2015-2016 Tax Exemption Budget.

Sales Tax

{ Exclusions }

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3. Purchases, Services, and Rentals by a Private Company Working for Local Authority on Construction or Operation of Sewerage or Wastewater Treatment Facilities

The provision allows a private company with a contract to construct or operate a sewerage or wastewater treatment facility for a local governmental authority to be entitled to the same exclusions and exemptions as the governmental authority. The governmental entity has an exclusion for the purchase of tangible personal property and services and the rental/lease of tangible personal property under R.S. 47:301(8)(c). The purpose of this exclusion is to provide financial assistance to local governments through lower contract cost.

Legal Citation

R.S. 33:4169(D)

Origin

Acts 1982, No. 795

Effective Date

September 10, 1982

Related Exclusion

R.S. 47:301(8)(c)

Beneficiaries

Private companies and local governments

Administration

The purpose of this exclusion is achieved in a fiscally effective manner but it is not used extensively.

Estimated Fiscal Effect

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

4. Isolated or Occasional Sales of Tangible Personal Property

This exclusion allows isolated or occasional sales, other than motor vehicles, that are not sold as a part of regular business activity to be sold tax free. This exclusion can be claimed by both businesses and individuals. The purpose of this exclusion is to allow tax-free sales between individuals who are not in the retail business and by businesses for sales outside their normal course of business.

Legal Citations

R.S. 47:301(1), R.S. 47:301(10)(c)(ii)(bb)

Origin

Acts 1948, No. 9

Effective Date

June 7, 1948

Beneficiaries

The beneficiaries of this exclusion are individuals not in the business of selling and the consumers who purchase occasional-sale items. Businesses also utilize this exclusion when they sell items outside their normal business activity (example: the sale of a cash register by a department store).

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

Sales Tax

9

{ Exclusions }

9. Purchases of Consumables by Paper and Wood Manufacturers and Loggers

This provision creates a phased-in state sales tax exclusion for tangible personal property consumed in the manufacturing process such as fuses, belts, wires, conveyer belts, lubricants, and motor oils and repairs and maintenance of manufacturing machinery and equipment. The exemption is available to manufacturers with an industry group designation of 3211 through 3222 or 11310 pursuant to the North American Industry Classification Code. These designations consist primarily of paper and wood manufacturers and loggers. The exemption will be phased-in at 25 percent of the cost price beginning July 1, 2010, and continue in 25 percent increments until it becomes 100 percent of the cost price July 1, 2013.

Legal Citation

R.S. 47:301(3)(k)

Origin

Acts 2009, No. 466

Effective Date

August 15, 2009

Beneficiaries

Paper and wood manufacturers and loggers

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

See number 11, Sales Tax Section

10. Leases or Rentals of Railroad Rolling Stock & Leases or Rentals by Railway Companies & Railroad Corporations

This exclusion removes lessors/rentors of railroad rolling stock from the requirement to charge the lease/rental tax to their lessees. This exclusion still requires lessees/rentees, with the exception of railway companies or railroad corporations, to self-assess the lease/rental tax and remit the tax directly to the state. The purposes of this exclusion are to relieve the lessors/rentors of railroad rolling stock from the burden of collecting the rental tax on rolling stock and to provide relief to railway companies and railroad corporations from the lease/rental tax.

Legal Citation

R.S. 47:301(4)(k)

Origin

Acts 1990, No. 444

Effective Date

September 7, 1990

Beneficiaries

Louisiana lessors/rentors of rail rolling stock and railway companies

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

Sales Tax

#12

{ Exclusions }

12. Purchases of Certain Machinery and Equipment Used to Produce a News Publication

This exclusion, phased in over seven years, allows certain machinery and equipment used primarily to produce a news publication to be purchased free from state sales, use and lease tax. Effective July 1, 2007, 54 percent of the price of eligible machinery and equipment was excluded from the state sales tax, increasing to 68 percent effective July 1, 2008, then 100 percent effective July 1, 2009.

Legal Citation

R.S. 47:301(3)(i)(ii)(aa)(I)(ccc), R.S. 47:301(3)(i)(ii)(bb)(III)

Origin

Acts 2007, No. 339

Effective Date

July 1, 2007

Beneficiaries

Producers of news publications.

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect

See number 11, Sales Tax Section

13. Purchases of Electric Power and Natural Gas by Paper or Wood Products Manufacturing Facilities

This provision originally provided a state sales tax exclusion for purchases of electric power by paper or wood products manufacturing facilities for the period July 1, 2006 through December 31, 2008 and allowed these facilities to pay 3.3 percent tax on natural gas purchased for energy purposes only up to the purchase price of \$6.20 per MMBtu and fully excluded any amounts in excess of the \$6.20 per MMBtu price.

Acts 2007, No. 471 amends R.S. 47:301(3)(j) and 13(m) and repeals R.S. 47:302(T), 321(J) and 331(R) to provide a full state sales tax exclusion for purchases of electric power and natural gas by paper or wood products manufacturing facilities effective July 1, 2007.

Legal Citation

R.S. 47:301(3)(j) and 13(m), R.S. 47:302(T), 321(J) and 331(R) – repealed by Acts 2007, No. 471

Origin

Acts 2005, 1st Ex. Sess., No. 48, amended by Acts 2007, No. 471

Effective Date

July 1, 2006

Beneficiaries

Paper or wood products manufacturers

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions for FY 6-16, see number 99 for FY 6-17.

Note: This exemption is not affected by the partial suspension of certain business utilities under HCR 8 of 2015.

Sales Tax

{ Exclusions }

#13

12. Purchases of Certain Machinery and Equipment Used to Produce a News Publication

This exclusion, phased in over seven years, allows certain machinery and equipment used primarily to produce a news publication to be purchased free from state sales, use and lease tax. Effective July 1, 2007, 54 percent of the price of eligible machinery and equipment was excluded from the state sales tax, increasing to 68 percent effective July 1, 2008, then 100 percent effective July 1, 2009.

Legal Citation

R.S. 47:301(3)(i)(ii)(aa)(I)(eee), R.S. 47:301(3)(i)(ii)(bb)(III)

Origin

Acts 2007, No. 339

Effective Date

July 1, 2007

Beneficiaries

Producers of news publications.

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect

See number 11, Sales Tax Section

13. Purchases of Electric Power and Natural Gas by Paper or Wood Products Manufacturing Facilities

This provision originally provided a state sales tax exclusion for purchases of electric power by paper or wood products manufacturing facilities for the period July 1, 2006 through December 31, 2008 and allowed these facilities to pay 3.3 percent tax on natural gas purchased for energy purposes only up to the purchase price of \$6.20 per MMBtu and fully excluded any amounts in excess of the \$6.20 per MMBtu price.

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Legal Citation

R.S. 47:301(3)(j) and 13(m), R.S. 47:302(T), 321(J) and 331(R) – repealed by Acts 2007, No. 471

Origin

Acts 2005, 1st Ex. Sess., No. 48, amended by Acts 2007, No. 471

Effective Date

July 1, 2006

Beneficiaries

Paper or wood products manufacturers

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions for FY 6-16, see number 99 for FY 6-17.

Note: This exemption is not affected by the partial suspension of certain business utilities under HCR 8 of 2015.

Sales Tax

{ Exclusions }

#23

22. Vehicle Rentals for Re-rent to Warranty Customers

This provision allows licensed motor vehicle dealers to lease or rent motor vehicles without the payment of the tax when the vehicles will be provided at no charge to their customers under the terms of the warranty agreement associated with the purchase of a motor vehicle. The provision also extends to work associated with an applicable warranty that has lapsed and the rental is provided at no charge. The purpose of this exclusion is to provide financial assistance to motor vehicle dealers.

Legal Citation

R.S. 47:301(7)(h)

Origin

Acts 1998, No. 49

Effective Date

August 1, 1998

Beneficiaries

Motor vehicle dealers

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

23. Property Used in the Manufacture, Production, or Extraction of Unblended Diesel

This provision excludes from the definitions of the terms "lease or rental," "sale at retail," and "use" manufacturing machinery and equipment that is used to manufacture, produce, or extract unblended biodiesel. "Unblended biodiesel" means a fuel comprised of mono-alkylesters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, and meeting the requirements of the definition provided for in D 6751 of the American Society of Testing and Materials, before such fuel is blended with a petroleum-based diesel fuel.

Legal Citation

R.S. 47:301(7)(j), R.S. 47:301(10)(y), R.S. 47:301(18)(k)

Origin

Acts 2005, No. 345; amended by Acts 2011, No. 374

Effective Date

July 1, 2005

Beneficiaries

Taxpayers that manufacture, produce or extract unblended biodiesel

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

See number 11, Sales Tax Section.

Note: Previous versions of the Tax Exemption Budget incorrectly stated that this exemption had a sunset date of June 30, 2015.

Sales Tax

{ Exclusions }

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28. Purchases by the Society of the Little Sisters of the Poor

This provision excludes the Society of the Little Sisters of the Poor from the definition of "person." This allows the Society to purchase tangible personal property and services and rent/lease tangible personal property without paying general sales tax. This exclusion is limited to the Society as a whole and does not extend to individual members. This exclusion does not apply to sales made by the Society. The purpose of this exclusion is to provide financial assistance to the Society of the Little Sisters of the Poor.

Legal Citation

R.S. 47:301(8)(e)

Origin

Acts 1998, No. 40

Effective Date

August 15, 1998

Beneficiaries

Society of the Little Sisters of the Poor

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-16	FYE 6-17
Prohibited	Prohibited

29. Purchases by Nonprofit Entities that Sell Donated Goods

This provision allows an exclusion from sales and use taxes for purchases by nonprofit entities that sell donated goods and spend 75 percent or more of revenues on directly employing or training persons with disabilities or workplace disadvantages. Nonprofit entities must apply for an exclusion certificate annually with each exclusion certificate effective for a one-year period.

Legal Citation

R.S. 47:301(8)(f)

Origin

Acts 2005, No. 393

Effective Date

July 1, 2005

Beneficiaries

Qualifying nonprofit entities

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

Sales Tax

32

{ Exclusions }

33

32. Natural Gas Used in the Production of Iron

This exclusion allows purchases of natural gas to be free of sales tax when the natural gas is used to manufacture iron using the “direct reduced iron process.” The exclusion considers the natural gas to be a material for further processing into an article of tangible personal property. The purpose of this exclusion is to provide a company or an industry an incentive to locate in Louisiana.

Legal Citation

R.S. 47:301(10)(c)(i)(bb)

Origin

Acts 1995, No. 284

Effective Date

July 1, 1995

Beneficiaries

Iron manufacturers using the “direct reduced iron process”

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions for FY 6-16, see number 99 for FY 6-17.

Note: This exemption is not affected by the partial suspension of certain business utilities under HCR 8 of 2015.

33. Electricity for Chlor-alkali Manufacturing Process

This exclusion allows tax-free purchases of electricity when the electricity is used in the chlor-alkali manufacturing process. The chlor-alkali manufacturers are responsible for reporting the amount of electricity used to the utility company. The purpose of this exclusion is to remove chlor-alkali manufacturers from taxation on their purchases of electricity.

Legal Citation

R.S. 47:301(10)(c)(ii)(aa)

Origin

Acts 1987, No. 199

Effective Date

July 1, 1987

Beneficiaries

Chlor-alkali manufacturers

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions for FY 6-16, see number 99 for FY 6-17.

Note: This exemption is not affected by the partial suspension of certain business utilities under HCR 8 of 2015.

Sales Tax

{ Exclusions }

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38. Purchases of School Buses by Independent Operators

This exclusion allows independent school bus operators to purchase school buses that are either new or less than five years old, if the buses are used exclusively in the public school system, free of general sales tax. The purpose of this exclusion is to give relief to the independent operators who must purchase their own school buses.

Legal Citation

R.S. 47:301(10)(i)

Origin

Acts 1990, No. 724

Effective Date

July 1, 1990

Beneficiaries

Independent operators who purchase their own school buses.

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective

We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

39. Tangible Personal Property Sold to Food Banks

This exclusion allows food banks, as defined under R.S. 9:2799, to purchase any tangible personal property, including food, free of sales tax. The purpose of this exclusion is to give qualifying food banks greater purchasing power.

Legal Citation

R.S. 47:301(10)(j)

Origin

Acts 1990, No. 817; Amended by Acts 1992, No. 514

Effective Date

September 7, 1990

Beneficiaries

Qualifying food banks

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

Sales Tax

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{ Exclusions }

42. Pelletized Paper Waste Used in a Permitted Boiler

This exclusion allows purchases of pelletized paper waste for the exclusive use as combustible fuel by an electric utility or in an industrial manufacturing, processing, compounding, reuse, or production process, including the generation of electricity or process steam to be made free of the general sales tax. The purpose of this exclusion is to encourage the use of pelletized paper waste in boilers.

Legal Citation

R.S. 47:301(10)(n)

Origin

Acts 1992, No. 926

Effective Date

July 1, 1993

Beneficiaries

Industries that convert boiler equipment to use pelletized paper waste as fuel.

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

43. Purchases of Equipment by Bona Fide Volunteer and Public Fire Departments

This exclusion allows bona fide volunteer and public fire departments to purchase equipment used in fire fighting without the payment of general sales tax. Public fire departments are currently excluded from taxation under the governmental exclusion on all purchases, including non fire-fighting equipment. In addition, many fire departments named "volunteer" are actually fire protection districts and excluded from taxation under the governmental exclusions.

Legal Citation

R.S. 47:301(10)(o)

Origin

Acts 1992, No. 926; amended by Acts 1998, No. 37

Effective Date

July 1, 1992

Beneficiaries

Bona fide volunteer and public fire departments.

Administration

The purpose of this exclusion was achieved in a fiscally effective manner.

Estimated Fiscal Effective

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

Sales Tax

{ Exclusions }

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48. Donation of Toys

This exclusion from state and local sales and use tax applies to nonprofit organizations that are exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code if the sole purpose of the purchasing organization is to donate toys to children and the toys are in fact, donated. The organizations are required to obtain exemption certificates from the Department of Revenue or the tax collector of the political subdivision.

Legal Citation

R.S. 47:301(10)(z)(aa)(i), R.S. 47:301(18)(m)

Origin

Acts 2005, No. 293

Effective Date

July 1, 2005

Beneficiaries

Nonprofit organizations that purchase toys to donate to children

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

49. Natural Gas Held, Used, or Consumed in Providing Natural Gas Storage Services or Operating Natural Gas Storage Facilities

This provision allows a state sales and use tax exclusion for purchases of natural gas to be held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities.

Legal Citation

R.S. 47:301(10)(bb)

Origin

Acts 2005, No. 364

Effective Date

June 30, 2005

Beneficiaries

Taxpayers that provide natural gas storage services or operate natural gas storage facilities

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions for FY 6-16, see number 99 for FY 6-17.

Note: This exemption is not affected by the partial suspension of certain business utilities under HCR 8 of 2015.

Sales Tax

54

{ Exclusions }

54. Sales of Anthropogenic Carbon Dioxide use in Qualified Tertiary Recovery Projects

This provision creates an exclusion from sales and use tax for anthropogenic carbon dioxide used in qualified tertiary recovery projects approved by the Department of Natural Resources.

Legal Citation

R.S. 47:301(10)(gg), R.S. 47:301(18)(p)

Origin

Acts 2009, No. 450

Effective Date

July 1, 2009

Beneficiaries

Taxpayers who use anthropogenic carbon dioxide in qualified tertiary recovery projects approved by the Department of Natural Resources.

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effective

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

55. Qualifying Events Providing Louisiana Heritage, Culture, Crafts, Art, Food and Music Sponsored by a Domestic Nonprofit Organization

This exclusion exempts the sales of tangible personal property at, admissions to, and parking fees for an event providing Louisiana heritage, culture, crafts, art, food and music which is sponsored by a nonprofit organization. Qualifying events must transpire over a minimum of seven days but not more than twelve days and have a Five-Year annual average attendance of at least three hundred thousand over the duration of the event. The purpose of this exemption is to provide financial assistance to qualifying organizations.

Legal Citation

R.S. 47:301(10)(hh) and (14)(k)

Origin

Acts 2011, No. 372

Effective Date

October 1, 2011

Beneficiaries

New Orleans Jazz and Heritage Festival.

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effective

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

Sales Tax

{ Exclusions }

55

54. Sales of Anthropogenic Carbon Dioxide use in Qualified Tertiary Recovery Projects

This provision creates an exclusion from sales and use tax for anthropogenic carbon dioxide used in qualified tertiary recovery projects approved by the Department of Natural Resources.

Legal Citation

R.S. 47:301(10)(gg), R.S. 47:301(18)(p)

Origin

Acts 2009, No. 450

Effective Date

July 1, 2009

Beneficiaries

Taxpayers who use anthropogenic carbon dioxide in qualified tertiary recovery projects approved by the Department of Natural Resources.

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effective

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

55. Qualifying Events Providing Louisiana Heritage, Culture, Crafts, Art, Food and Music Sponsored by a Domestic Nonprofit Organization

This exclusion exempts the sales of tangible personal property at, admissions to, and parking fees for an event providing Louisiana heritage, culture, crafts, art, food and music which is sponsored by a nonprofit organization. Qualifying events must transpire over a minimum of seven days but not more than twelve days and have a Five-Year annual average attendance of at least three hundred thousand over the duration of the event. The purpose of this exemption is to provide financial assistance to qualifying organizations.

Legal Citation

R.S. 47:301(10)(hh) and (14)(k)

Origin

Acts 2011, No. 372

Effective Date

October 1, 2011

Beneficiaries

New Orleans Jazz and Heritage Festival.

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effective

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

Sales Tax

{ Exclusions }

#63

62. Repair Services Performed in Louisiana When the Repaired Property is Exported

This exclusion allows Louisiana dealers to repair tangible personal property from other states tax-free, if the property is delivered back to the other state by the Louisiana dealer or by common carrier. The purpose of this exclusion is to allow Louisiana dealers to be competitive with dealers in neighboring states.

Legal Citation

R.S. 47:301(14)(g)(i)(bb)

Origin

Acts 1977, 1st Ex. Sess., No. 17; Amended by Acts 2007, No. 173

Effective Date

July 1, 1978

Beneficiaries

Louisiana repair shops located near the boundaries of the neighboring states

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

63. Repairs, Renovations or Conversions of Drilling Rigs

This exclusion allows a drilling rig used exclusively for the exploration or development of minerals outside the territorial limits of the state in the Outer Continental Shelf waters to be repaired, renovated or converted without the owner paying sales or use taxes.

Legal Citation

R.S.47:301(14)(g)(iii)

Origin

Acts 2007, No. 173

Effective Date

June 27, 2007

Beneficiaries

Oilfield companies using drilling rigs exclusively for the exploration or development of minerals outside the territorial limits of the state in the Outer continental Shelf waters.

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

Sales Tax

77

76. Purchases by Motor Vehicle Manufacturer

This exclusion allows motor vehicles manufacturers to make purchases of machinery and equipment without the payment of sales or use taxes.

Legal Citation

R.S.47:301(16)(m)

Origin

Acts 2007, No. 1

Effective Date

May 31, 2007

Beneficiaries

Motor vehicle manufacturers with a North American Industry Classification System (NAICS) code beginning with 3361.

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

See number 11, Sales Tax section.

{ Exclusions }

78

77. Purchases by Glass Manufacturers

This exclusion allows glass manufacturers to make purchases of qualifying machinery and equipment without the payment of sales or use taxes.

Legal Citation

R.S. 47:301(16)(m)(i)

Origin

Acts 2009, No. 459

Effective Date

July 1, 2009

Beneficiaries

Glass manufacturers with a North American Industry Classification System (NAICS) code of 327213.

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect

See number 11, Sales Tax section.

Sales Tax

79

{ Exclusions }

78. Purchases of Machinery and Equipment by Owners of Certain Radio Stations

This exclusion allows the owners of certain radio stations to make purchases of machinery and equipment without the payment of sales or use taxes.

Legal Citation

R.S. 47:301(16)(n)

Origin

Acts 2007, No. 339

Effective Date

July 1, 2007

Beneficiaries

Owners of certain radio stations.

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

See number 11, Sales Tax section.

79. Purchases of Machinery and Equipment Purchased by Certain Utilities

This exclusion allows certain utilities assigned North American Industry Classification Systems Sector 22111, electric power generation, to purchase machinery and equipment without the payment of sales or use tax.

Legal Citation

R.S. 47:301(16)(o)(i) and (ii)

Origin

Acts 2007, No. 427

Effective Date

July 1, 2008

Beneficiaries

Certain utilities assigned North American Industry Classification System Sector 22111.

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

See number 11, Sales Tax section.

Sales Tax

83

{ Exclusions }

82. Use Tax on Residue or Byproducts Consumed by the Producer

This exclusion excludes from the definition of “use” any residue or by-product created as part of a manufacturing/refining process, except refinery gas, which is used by the producer of the property. The use tax value of refinery gas is under R.S. 47:301(f). Sales of refinery gas are subject to tax under R.S. 47:301(13)(d).

Legal Citation

R.S. 47:301(18)(d)(ii)

Origin

Acts 1996, No. 29; amended Acts 2005, No. 458

Effective Date

July 2, 1996

Beneficiaries

Manufacturers or refineries of refinery gas and byproducts that are produced as part of their process

Administration

It is not known if the purpose of this exclusion is being achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

83. Advertising Services

This exclusion allows advertising services by an advertising agency to be free from state and local sales or use tax. This exclusion applies to advertising services and to tangible personal property sold if advertising services constitute a major part of the tangible personal property produced. It does not apply to the transfer of mass-produced advertising items by an advertising business that involves furnishing minimal services by the advertising business. Pure advertising services were never considered to be taxable. The purpose of this exclusion was to clarify the taxability of advertising services and the property transferred to clients.

Legal Citation

R.S. 47:302(D)

Origin

Acts 1987, No. 869

Effective Date

January 1, 1982

Beneficiaries

Advertising agencies and their customers

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect

\$0; not taxable.

Sales Tax

87

{ Exemptions }

88

86. Sales by State-owned Domed Stadiums and Baseball Facilities

This exemption allows tax-free sales to be made within state-owned domed stadiums with a seating capacity of at least 70,000 or has a seating capacity of at least 12,500 located in a parish with population of between 185,000 and 250,000, or any open baseball site that has a seating capacity of at least 10,000 and has a professional sports franchise that participates in Class Triple A professional baseball. This exemption covers sales of souvenirs and refreshments, parking fees, and guided tours. This exemption does not extend to sales of tangible personal property through trade shows or similar events. The purpose of this exemption is to provide financial assistance to qualifying stadiums.

Legal Citation

R.S. 39:467

Origin

Acts 1985, No. 2, amended by Acts 2005, No. 391; Acts 2009, No. 464

Effective Date

May 23, 1985

Beneficiaries

Certain state-owned domed stadiums and baseball sites and the vendors operating within them

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

87. Sales by Certain Publicly-owned Facilities

This exemption allows tax-free sales by certain publicly-owned facilities. This exemption applies to any qualified facility owned by any state or local subdivision. In order to qualify, the local taxing authorities must provide a similar exemption from all local sales taxes. The exemption covers sales of souvenirs and refreshments, parking fees, and guided tours. The exemption does not extend to sales of tangible personal property through trade shows or similar events. The purpose of this exemption is to provide financial assistance to qualifying facilities.

Legal Citation

R.S. 39:468

Origin

Acts 1985, No. 2

Effective Date

May 23, 1985

Beneficiaries

Certain publicly-owned facilities and the vendors operating within them

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

Sales Tax

{ Exemptions }

99

98

98. Sales of Water

This exemption allows the tax-free sale of water sold other than in containers. The purpose of this exemption is to benefit the non-residential users of water utility services.

Legal Citation

R.S. 47:305(D)(1)(c)

Origin

Acts 1948, No. 9

Effective Date

June 7, 1948

Beneficiaries

Nonresidential users of water utility services

Administration

This exemption has been suspended at the rate of 3.8 percent for the period 7/1/04-6/30/08 and at the rate of 2.8 percent for the period 7/1/08-6/30/09. This exemption is subject to zero percent tax effective 7/1/2009.

Estimated Fiscal Effect	
FYE 6-16	FYE 6-17
\$5,090,000	\$6,923,000

Note: HCR 8 of 2015 partially suspends the exemptions on certain business utilities thereby subjecting them to a tax rate of 1% from July 1, 2015 through August 5, 2016.

99. Sales of Electric Power or Energy - Non-residential

This exemption allows the tax free sale of electric power or energy and any materials or energy sources used to fuel the generation of electric power for resale or used by an industrial manufacturing plant for self-consumption or cogeneration. As the sale of electricity for residential use is constitutionally protected, this exemption benefits the non-residential users of electrical utility services.

Legal Citation

R.S. 47:305(D)(1)(d)

Origin

Acts 1948, No. 9; amended by Acts 1980, No. 159; Acts 1984, No. 183

Effective Date

June 7, 1948

Beneficiaries

Nonresidential users of electrical utility services and industrial manufacturing plants that generate their own electricity

Administration

This exemption has been suspended at the rate of 3.3 percent for the period 1/1/06-6/30/08 and at the rate of 2.3 percent for the period 7/1/08-6/30/09. This exemption is subject to zero percent tax effective 7/1/2009.

Estimated Fiscal Effect	
FYE 6-16	FYE 6-17
\$257,513,000	\$350,218,000

Note: HCR 8 of 2015 partially suspends the exemptions on certain business utilities thereby subjecting them to a tax rate of 1% from July 1, 2015 through August 5, 2016.

Sales Tax

{ Exemptions }

#100

98. Sales of Water

This exemption allows the tax-free sale of water sold other than in containers. The purpose of this exemption is to benefit the non-residential users of water utility services.

Legal Citation

R.S. 47:305(D)(1)(c)

Origin

Acts 1948, No. 9

Effective Date

June 7, 1948

Beneficiaries

Nonresidential users of water utility services

Administration

This exemption has been suspended at the rate of 3.8 percent for the period 7/1/04-6/30/08 and at the rate of 2.8 percent for the period 7/1/08-6/30/09. This exemption is subject to zero percent tax effective 7/1/2009.

Estimated Fiscal Effect	
FYE 6-16	FYE 6-17
\$5,090,000	\$6,923,000

Note: HCR 8 of 2015 partially suspends the exemptions on certain business utilities thereby subjecting them to a tax rate of 1% from July 1, 2015 through August 5, 2016.

99. Sales of Electric Power or Energy - Non-residential

This exemption allows the tax free sale of electric power or energy and any materials or energy sources used to fuel the generation of electric power for resale or used by an industrial manufacturing plant for self-consumption or cogeneration. As the sale of electricity for residential use is constitutionally protected, this exemption benefits the non-residential users of electrical utility services.

Legal Citation

R.S. 47:305(D)(1)(d)

Origin

Acts 1948, No. 9; amended by Acts 1980, No. 159; Acts 1984, No. 183

Effective Date

June 7, 1948

Beneficiaries

Nonresidential users of electrical utility services and industrial manufacturing plants that generate their own electricity

Administration

This exemption has been suspended at the rate of 3.3 percent for the period 1/1/06-6/30/08 and at the rate of 2.3 percent for the period 7/1/08-6/30/09. This exemption is subject to zero percent tax effective 7/1/2009.

Estimated Fiscal Effect	
FYE 6-16	FYE 6-17
\$257,513,000	\$350,218,000

Note: HCR 8 of 2015 partially suspends the exemptions on certain business utilities thereby subjecting them to a tax rate of 1% from July 1, 2015 through August 5, 2016.

Sales Tax

{ Exemptions }

102

100. Sales of Fertilizers and Containers to Farmers

This exemption allows tax-free sales of fertilizers and containers for farm products if sold directly to the commercial farmer. Fertilizers and containers are exempt as a resale item under R.S. 47:301(10)(a). The purpose of this exemption is to clarify that fertilizers and containers are not taxable as a raw material.

Legal Citation

R.S. 47:305(D)(1)(f)

Origin

Acts 1948, No. 9

Effective Date

June 7, 1948

Beneficiaries

Commercial farmers

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

101. Sales of Natural Gas - Non-residential

This exemption allows tax-free sales of natural gas. The purpose of this exemption is to provide financial assistance to nonresidential consumers of natural gas.

Legal Citation

R.S. 47:305(D)(1)(g)

Origin

Acts 1948, No. 9; amended by Acts 1985, No. 258; Acts 1990, Act 476

Effective Date

June 7, 1948

Beneficiaries

Nonresidential consumers of natural gas

Administration

This exemption has been suspended at the rate of 3.3 percent for the period 1/1/06-6/30/08 and at the rate of 2.3 percent for the period 7/1/08-6/30/09. This exemption is subject to zero percent tax effective 7/1/2009.

Estimated Fiscal Effect

See number 99, Sales Tax Section.

Sales Tax

103

{ Exemptions }

102. Energy Sources Used as Boiler Fuel, Except Refinery Gas

This provision allows an exemption for all energy sources to be used as boiler fuel, except refinery gas. The use of residual or byproducts created or derived from the processing of a raw material would be excluded from the sales tax only when used by the producer. The purpose of this exemption is to provide a benefit to industries utilizing boilers in their operations.

Legal Citation

R.S. 47:305(D)(1)(h)

Origin

Acts 1973, Ex. Sess., No. 13; Amended by Acts 1996, No. 29; Acts 1998, No. 21; Acts 2000, No. 28; Acts 2002, No. 4

Effective Date

January 1, 1974

Comparable Provision

R.S.47:301(18)(d)(ii)

Beneficiaries

Any business that uses an energy source in a boiler fuel, except residual or byproducts or refinery gas

Administration

This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect

The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

Note: HCR 8 of 2015 partially suspends the exemptions on certain business utilities thereby subjecting them to a tax rate of 1% from July 1, 2015 through August 5, 2016. Since this exemption was already subject to 1% tax, the effective tax rate on these products will be 2% from July 1, 2015 through August 5, 2016.

103. Trucks, Automobiles, and New Aircraft Removed from Inventory for use as Demonstrators

This exemption allows new and used automobile and new aircraft dealers to remove trucks, automobiles or aircraft from inventory for demonstration purposes without being subject to the general sales tax. Demonstrator units are required to be on the dealers' premises during regular business hours to qualify for the exemption. The purpose of this exemption is to provide financial assistance to truck, automobile, and aircraft dealers.

Legal Citation

R.S. 47:305(D)(1)(i)

Origin

Acts 1962, No. 182; amended by Acts 1974, No. 186; Acts 1987, No. 847

Effective Date

August 1, 1962

Beneficiaries

Truck, automobile, and aircraft dealers

Administration

This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely. Sales of trucks and automobiles are reported to Office of Motor Vehicles.

Estimated Fiscal Effect	
FYE 6-16	FYE 6-17
Unable to Anticipate	Unable to Anticipate

Sales Tax

108

{ Exemptions }

108. Sales of 50-ton Vessels and New Component Parts and Sales of Certain Materials and Services to Vessels Operating in Interstate Commerce

This exemption allows the purchase of materials, equipment, and machinery that become component parts of ships, vessels, and barges with a 50-ton and over load displacement and the sale of qualifying ships, vessels, and barges to be exempt from sales tax. Drilling ships and barges are also exempt. This exemption also allows ships or vessels operating exclusively in foreign or interstate coastwise commerce to purchase materials and supplies, repair services, and laundry services tax free. The purpose of this exemption is to make Louisiana boat builders and boat-service businesses competitive with similar companies in other states.

Legal Citation

R.S. 47:305.1

Origin

Acts 1959, No. 51; amended by Acts 2002, No. 40 and 41; Acts 2006 1st ext. sess., No. 34

Effective Date

June 29, 1959

Beneficiaries

The beneficiaries of this exemption are builders of 50-ton and over ships, vessels, and barges and the owners of ships, vessels, and barges that operate in foreign or interstate commerce. Since the courts have declared that tax laws cannot discriminate against interstate commerce, the Department has been unable to enforce the restrictive built in Louisiana language contained in the statute. Consequently, out-of-state builders have also benefited from this exemption.

Administration

Acts 2002, No. 40 and 41 have provided a specific definition of "foreign or interstate coastwise commerce." Acts 2006 1st Extraordinary Session No. 34 clarifies that the exemption is applicable to barges and drilling ships.

Estimated Fiscal Effect

The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

109. Sales of Seeds for Planting Crops

This exemption allows the tax-free sales of seeds to commercial farmers. Commercial farmers include those who grow crops for sale, as well as those who grow crops for live-stock, poultry, fish, and dairy animals. Seeds purchased by commercial farmers were already exempt as a raw material under R.S. 47:301(10)(a). The purpose of this exemption is to clarify that seeds are not taxable.

Legal Citation

R.S. 47:305.3

Origin

Acts 1960, No. 427

Effective Date

July 27, 1960

Duplicate Provision

R.S. 47:301(10)(e)

Beneficiaries

Commercial farmers

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

Sales Tax

{ Exemptions }

150

148. Sales of Railroad Ties to Railroads for Use in Other States

This provision creates a sales tax exemption for railroad ties purchased by a railroad prior to long-term preservative treatment and installed into the railroad's track system outside the jurisdiction.

Legal Citation

R.S. 47:305.50(F)

Origin

Acts 2009, No. 442

Effective Date

July 1, 2009

Beneficiaries

Railroads

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

149. Utilities Used by Steelworks and Blast Furnaces

This provision allows utilities, including electricity, used by steelworks and blast furnaces to be exempt from sales tax. The facility must employ more than 125 full-time workers and is classified as code 331111 of the North American Industry Classification System to qualify. The purpose of this exemption is to provide an economic incentive for a steel mill to locate in Louisiana.

Legal Citation

R.S. 47:305.51

Origin

Acts 1998, No. 28; amended by Acts 2001 1st Ex. Sess., No. 5; Acts 2002, No. 49; Acts 2004 1st Ex. Sess., No. 5; Acts 2009, no. 443

Effective Date

March 27, 2001

Beneficiaries

Any steel mill meeting the minimum requirements.

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect

See number 99, Sales Tax Section.

Note: This exemption is subject to the partial suspension of certain business utilities under HCR 8 of 2015.

Sales Tax

168

{ Exemptions }

166. Antique Airplanes Held by Private Collectors and not used for Commercial purposes

This exemption allows the tax-free purchase of antique aircraft by collectors. Many of these sales are also exempted under the isolated or occasional sale provision of R.S. 47:301(10)(c) (See number 4, Sales Tax Section). The aircraft must be manufactured at least 25 years prior to the date of purchase. The purpose of this exemption was to provide financial assistance to antique aircraft collectors.

Legal Citation

R.S. 47:6001

Origin

Acts 1980, No. 567

Effective Date

September 12, 1980

Beneficiaries

Collectors of antique aircraft

Administration

This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect

The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Alternate-Reporting Methods }

167. Certain Interchangeable Components; Optional Method to Determine

This alternate-reporting method allows importers or users of certain measurement-while-drilling equipment to store equipment in the state without paying the use tax due upon importation. Instead, taxes would be paid on 1/60 of the total material cost of all equipment stored within Louisiana each month. The purpose of this method is to offer relief from use tax on equipment stored in Louisiana, but seldom used in this state.

Legal Citation

R.S. 47:301(3)(d)

Origin

Acts 1990, No. 719

Effective Date

July 1, 1990

Beneficiaries

Companies that use certain measurement-while-drilling equipment

Administration

The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect

The estimated fiscal effect of this alternate reporting method is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

Sales Tax

#169

{ Alternate-Reporting Methods }

168. Helicopters Leased for use in the Extraction, Production, or Exploration for Oil, Gas, or Other Minerals

This alternate-reporting method allows the lease or rental of certain helicopters used in the extraction, production, and exploration of oil, gas, and other minerals to be considered a sale of tangible personal property with an extended period of time allowed to remit any taxes due.

Helicopters acquired through a lease, rental, lease-purchase, or similar transaction by a company involved in the extraction, production, or exploration for oil, gas, or other mineral qualify for this method. Helicopters used by companies providing service to qualifying companies also qualify for this alternate-reporting method. Qualifying companies do not pay sales tax on lease or rental payments, but remit the tax on the sales price in equal installments over the terms of the lease, rental, or lease-purchase contract.

Legal Citation

R.S. 47:302.1

Origin

Acts 1984, No. 353

Effective Date

July 2, 1984

Administration

This provision has been superseded by the exclusion under R.S. 47:301(10)(a)(iii), effective October 1, 1996.

Estimated Fiscal Effect

See number 30, Sales Tax Section.

169. Cash-basis Sales Tax Reporting and Remitting for Health and Fitness Club Membership Contracts

This alternate-reporting method allows health clubs to report and remit sales taxes on a cash basis and to report the receipts net of any imputed interest or collection fees. The purpose of this alternate-reporting method is to relieve clubs from the taxes on unpaid membership contracts.

Legal Citation

R.S. 47:303(F)

Origin

Acts 1985, No. 661; Amended by Acts 1987, No. 379

Effective Date

September 30, 1985

Beneficiaries

Health and fitness clubs

Administration

The purpose of this alternate reporting method is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-16	FYE 6-17
\$0	\$0

Sales Tax

{ Statutorily Prescribed Methods of Taxation }

#174

172. Extended Time to Register Mobile Homes

This provision allows purchasers of mobile homes, as defined by R.S. 9:1149.2(3), to extend the time to apply for a certificate of Title from five days after delivery to the 20th day of the month following the month of delivery of the home. This allows between 20 to 50 days to apply for a title. If a mobile home is immobilized prior to registration, the mobile home is not subject to sales tax. The purpose of this provision is to allow purchasers of mobile homes more time to immobilize the mobile home. However, beginning 1/1/2010, new legislation eliminates the ability of manufactured home purchasers to avoid paying tax through an act of immobilization.

Legal Citation

R.S. 32:707(A)

Origin

Acts 1997, No. 272; amended by Acts 2009, No. 500.

Effective Date

July 1, 1997

Beneficiaries

The beneficiaries of this provision are purchasers of mobile homes that immobilize them at the time of purchase.

Administration

The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect

\$0; this statute was amended to eliminate the ability of manufactured home purchasers to avoid paying tax through an act of immobilization.

173. "Sales or Cost Price" of Refinery Gas

These exclusions define the valuation of refinery gas, except feedstock, either sold or produced. This value is determined for each calendar year. Sales of such property are subject to tax under R.S. 47:301(13)(d) and the use of such property by the producer is subject to the tax under R.S. 47:301(3)(f). The price of refinery gas shall be the maximum of 52¢ per MCF multiplied by a fraction the numerator of which shall be the posted price for a barrel of West Texas Intermediate Crude Oil on December 1 of the preceding calendar year and the denominator of which shall be \$29. This valuation applies to both state and local governments. The valuation for calendar year 2006 is \$1.048 and for calendar year 2007 is \$1.137. This valuation is identical to the valuation originally set under R.S. 47:305(D)(1)(h) (See number 104, Sales Tax Section).

Legal Citation

R.S. 47:301(3)(f), R.S. 47:301(13)(d)

Origin

Acts 1996, No. 29; amended Acts 2004, No. 49; Acts 2005, No. 458

Effective Date

July 2, 1996

Beneficiaries

Refineries producing refinery gas

Administration

The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect

\$0; This is a valuation formula only.

Sales Tax

{ Refunds }

181

180. Purchases or Leases of Durable Medical Equipment Paid by or Under Provisions of Medicare

This refund provision allows a person paying tax on the purchase or rental of durable medical equipment that is paid by or under the provisions of Medicare to request a refund of the state taxes paid. Most qualifying purchases are already exempted from the state sales tax under pertinent provisions of R.S. 47:305(D). However, leases are not.

Legal Citation

R.S. 47:315.3

Origin

Acts 1994, No. 25

Effective Date

August 15, 1994

Beneficiaries

Purchasers and lessees of qualifying durable medical equipment

Administration

The purpose of this provision is achieved in a fiscally effective manner. Lessors who lease durable medical equipment that is directly paid for by Medicare are allowed to exempt the lease payments from the sales tax.

Estimated Fiscal Effect

During fiscal year 2014-2015, \$504,664 in sales tax refunds were issued for the purchase or lease of qualifying durable medical equipment. We are unable to predict the future fiscal effect.

181. Sales Tax Collected by a Qualified Charitable Institution

This provision allows a restricted refund of sales tax collected by a qualified charitable institution on the sale of donated tangible personal property or items made from donated property. The refund must be used exclusively in Louisiana for land acquisition, capital construction, or equipment, or related debt service or job training, job placement, employment, or other related community services and support program costs.

Legal Citation

R.S. 47:315.5

Origin

Acts 2007, No. 464

Effective Date

January 1, 2008

Beneficiaries

Qualified charitable institutions that sell donated tangible personal property or items made from donated property.

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect

Unable to anticipate. No refunds issued in previous years.