

Second Extraordinary Session, 2008

HOUSE BILL NO. 2

BY REPRESENTATIVES GREENE, AUSTIN BADON, BALDONE, BARRAS, CARTER, DANAHAY, MICKEY GUILLORY, HENRY, HOFFMANN, HONEY, NOWLIN, PERRY, RICHARD, RICHMOND, RITCHIE, ROBIDEAUX, JANE SMITH, AND TEMPLET AND SENATOR WALSWORTH

TAX/SALES & USE: Accelerates phase-in of the sales tax exclusion for purchases of manufacturing machinery and equipment (Item #1)

1 AN ACT

2 To amend and reenact R.S. 47:301(3)(i)(i), (13)(k)(i), and (28)(a), relative to sales and use
3 tax of the state and statewide political subdivisions; to provide for an accelerated
4 reduction of the sales price, cost price, gross proceeds derived from a lease or rental,
5 monthly lease or rental price paid, and the monthly lease or rental price contracted
6 or agreed to by way of an exclusion of certain manufacturing machinery and
7 equipment; to provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:301(3)(i)(i), (13)(k)(i), and (28)(a) are hereby amended and
10 reenacted to read as follows:

11 §301. Definitions

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

15 * * *

16 (3)

17 * * *

18 (i)(i) For purposes of the imposition of the use tax levied by the state and any
19 political subdivision whose boundaries are coterminous with those of the state, the
20 cost price of machinery and equipment used by a manufacturer in a plant facility

1 (aa) For the period ending on June 30, 2005, the sales price shall be reduced
2 by five percent.

3 (bb) For the period beginning July 1, 2005, and ending on June 30, 2006, the
4 sales price shall be reduced by nineteen percent.

5 (cc) For the period beginning July 1, 2006, and ending on June 30, 2007, the
6 sales price shall be reduced by thirty-five percent.

7 (dd) For the period beginning July 1, 2007, and ending on June 30, 2008, the
8 sales price shall be reduced by fifty-four percent.

9 (ee) For the period beginning July 1, 2008, and ending on June 30, 2009, the
10 sales price shall be reduced by sixty-eight percent.

11 (ff) For ~~the period beginning July 1, 2009, and ending on June 30, 2010~~ all
12 periods beginning on or after July 1, 2009, the sales price shall be reduced by ~~eighty-~~
13 ~~two~~ one hundred percent.

14 (gg) ~~For all periods beginning on or after July 1, 2010, the sales price shall~~
15 ~~be reduced by one hundred percent.~~

16 * * *

17 (28)(a) For purposes of the imposition of the lease or rental tax levied by the
18 state and any political subdivision whose boundaries are coterminous with those of
19 the state, the "gross proceeds", "monthly lease or rental price paid", and "monthly
20 lease or rental price contracted or agreed to be paid" for machinery and equipment
21 used by a manufacturer in a plant facility predominately and directly in the actual
22 manufacturing for agricultural purposes or the actual manufacturing process of an
23 item of tangible personal property, which is for ultimate sale to another and not for
24 internal use, at one or more fixed locations within Louisiana shall be reduced as
25 follows:

26 (i) For the period ending on June 30, 2005, by five percent.

27 (ii) For the period beginning July 1, 2005, and ending on June 30, 2006, by
28 nineteen percent.

1 (iii) For the period beginning July 1, 2006, and ending on June 30, 2007, by
2 thirty-five percent.

3 (iv) For the period beginning July 1, 2007, and ending on June 30, 2008, by
4 fifty-four percent.

5 (v) For the period beginning July 1, 2008, and ending on June 30, 2009, by
6 sixty-eight percent.

7 (vi) For ~~the period beginning July 1, 2009, and ending on June 30, 2010~~ all
8 periods beginning on or after July 1, 2009, by ~~eighty-two~~ one hundred percent.

9 ~~(vii) For all periods beginning on or after July 1, 2010, by one hundred~~
10 ~~percent.~~

11 * * *

12 Section 2. This Act shall become effective on July 1, 2008; if vetoed by the governor
13 and subsequently approved by the legislature, this Act shall become effective on July 1,
14 2008, or on the day following such approval by the legislature, whichever is later.

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)]

Greene HB No. 2

Abstract: Accelerates the current phase-in of the state sales and use tax exclusion for manufacturing machinery and equipment.

Present law phases in a state sales and use tax exclusion for the purchase, use, lease, or rental of certain machinery and equipment used by certain manufacturers in manufacturing for agricultural purposes or in the actual manufacturing process of an item of tangible personal property. The phase-in of the exclusion is based on the following schedule:

<u>Taxable Period</u>	<u>Reduction of cost or sales price</u>
For the period ending 6/30/05	5%
For the period beginning on 7/1/05 and ending on 6/30/06	19%
For the period beginning on 7/1/06 and ending on 6/30/07	35%
For the period beginning on 7/1/07 and ending on 6/30/08	54%

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

For the period beginning on 7/1/08 and ending on 6/30/09	68%
For the period beginning on 7/1/09 and ending on 6/30/10	82%
For all taxable periods beginning on or after 7/1/10	100%

Proposed law accelerates present law phase-in of the exclusion as follows:

<u>Taxable Period</u>	<u>Reduction of cost or sales price</u>
For the period ending 6/30/05	5%
For the period beginning on 7/1/05 and ending on 6/30/06	19%
For the period beginning on 7/1/06 and ending on 6/30/07	35%
For the period beginning on 7/1/07 and ending on 6/30/08	54%
For the period beginning on 7/1/08 and ending on 6/30/09	68%
For all taxable periods beginning on or after 7/1/09	100%

Effective July 1, 2008.

(Amends R.S. 47:301(3)(i)(i), (13)(k)(i), and (28)(a))