

Second Extraordinary Session, 2008

HOUSE BILL NO. 10

BY REPRESENTATIVE JANE SMITH

TAX/SALES & USE: Provides for an exclusion for 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 a total exclusion  
4 for certain manufacturing machinery and equipment; to provide for an effective date;  
5 and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

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

9 §301. Definitions

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

13 \* \* \*

14 (3)

15 \* \* \*

16 (i)(i) For purposes of the imposition of the use tax levied by the state and any  
17 political subdivision whose boundaries are coterminous with those of the state, the  
18 cost price of machinery and equipment used by a manufacturer in a plant facility  
19 predominately and directly in the actual manufacturing for agricultural purposes or  
20 the actual manufacturing process of an item of tangible personal property, which is

1 for ultimate sale to another and not for internal use, at one or more fixed locations  
2 within Louisiana shall be reduced as follows:

3 (aa) For the period ending on June 30, 2005, the cost price shall be reduced  
4 by five percent.

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

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

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

11 (ee) For ~~the period~~ all periods beginning on or after July 1, 2008, ~~and ending~~  
12 ~~on June 30, 2009~~; the cost price shall be reduced by ~~sixty-eight~~ one hundred percent.

13 (ff) ~~For the period beginning July 1, 2009, and ending on June 30, 2010, the~~  
14 ~~cost price shall be reduced by eighty-two percent.~~

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

17 \* \* \*

18 (13)

19 \* \* \*

20 (k)(i) For purposes of the imposition of the sales tax levied by the state and  
21 any political subdivision whose boundaries are coterminous with those of the state,  
22 the sales price of machinery and equipment purchased by a manufacturer for use in  
23 a plant facility predominately and directly in the actual manufacturing for  
24 agricultural purposes or the actual manufacturing process of an item of tangible  
25 personal property, which is for ultimate sale to another and not for internal use, at  
26 one or more fixed locations within Louisiana shall be reduced as follows:

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

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

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

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

7 (ee) For ~~the period~~ all periods beginning on or after July 1, 2008, and ending  
8 ~~on June 30, 2009~~, the sales price shall be reduced by ~~sixty-eight~~ one hundred percent.

9 ~~(ff) For the period beginning July 1, 2009, and ending on June 30, 2010, the~~  
10 ~~sales price shall be reduced by eighty-two percent.~~

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

13 \* \* \*

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

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

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

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

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

1 (v) For ~~the period~~ all periods beginning on or after July 1, 2008, and ending  
2 on June 30, 2009; by ~~sixty-eight~~ one hundred percent.

3 (vi) ~~For the period beginning July 1, 2009, and ending on June 30, 2010, by~~  
4 ~~eighty-two~~ percent.

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

7 \* \* \*

8 Section 2. This Act shall become effective on July 1, 2008; if vetoed by the governor  
9 and subsequently approved by the legislature, this Act shall become effective on July 1,  
10 2008, 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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Jane Smith

HB No. 10

**Abstract:** Provides for a total 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%
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 after 7/1/10	100%

Proposed law provides for 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.

Effective July 1, 2008.

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