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**Louisiana Association**  
**OF BUSINESS AND INDUSTRY**

# 2016 Special Session Wrap-Up

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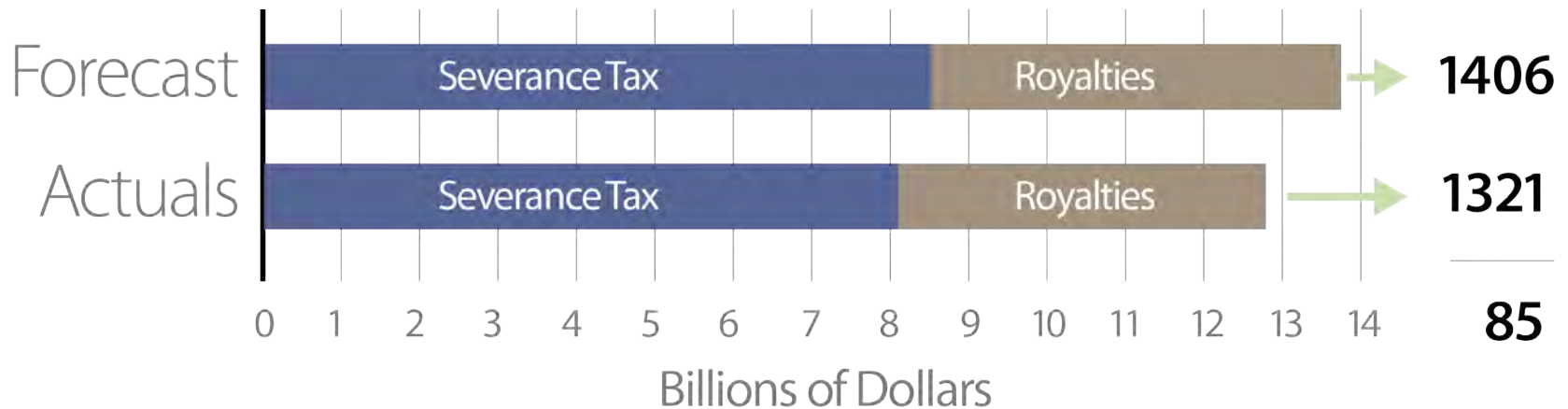
**Louisiana Association**  
**OF BUSINESS AND INDUSTRY**

# How We Got Here and What's Next

Jason DeCuir  
Public Affairs Director  
Ryan

# How We Got Here:

## Total Mineral Revenues FY15



*Revenue Estimating Conference met on January 20, 2015 and recognized a \$103.5 million deficit for FYE 2015.*

*On February 26, 2015 the Legislature made budget cuts to balance the \$103.5 million deficit.*

\$103.5  
Million

# The Fiscal Year 2016 Budget

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**April 13, 2015 - June 11, 2015:** Regular (Fiscal) Session

**February 27, 2015:** Gov. Jindal released 2015-2016 Executive Budget

- Governor Jindal proposed converting refundable tax credits to non-refundable tax credits to balance the budget for FY 2016
- Converting the following tax credits to non-refundable was expected to generate \$525,926,000:
  - Inventory Tax Credit
  - Wind & Solar Energy System Credit
  - Research & Development Tax Credit
  - Ad Valorem Tax Credit for Offshore Vessels
  - Musical & Theatrical Productions Tax Credit
  - Credit for Ad Valorem Tax Paid by Certain Telephone Companies
  - Ad Valorem Tax on Natural Gas
  - Conversion of Vehicles to Alternative Fuel
  - Sugarcane Transport Credit
  - Milk Producers Tax Credit
  - Angel Investor Tax Credit & Jobs Program
  - Rehabilitation of an Owner Occupied Residential or Mixed-use Property

# Tax Increases from the 2015 Legislative Session

Bill No.	Author	Description	FY16 Fiscal Notes
HCR8	Montoucet	Suspends exemptions on business utilities for 1% of state sales and use tax from July 1, 2015, to 60 days after final adjournment of the 2016 regular legislative session.	\$107,200,000
HB624	Jackson	Reduces certain corporate income tax exclusions and deductions by 28% from July 1, 2015, to June 30, 2018 (does not affect the S-Corporations exclusion).	\$122,000,000
HB218	Broadwater	Eliminates the three-year carry-back option for net operating loss deductions for corporate income tax and increases the carry-over period from 15 years to 20 years.	\$29,000,000
HB629	Jackson	Reduces certain income and corporate franchise tax credits and incentives by 28% from July 1, 2015, to June 30, 2018 (does not reduce inventory tax credit).	\$31,500,000
HB402	Stokes	Limits availability of tax credit for taxes paid in other states from July 1, 2015, to June 30, 2018.	\$34,000,000
HB805	Adams	Provides for carry forward rather than refunds of 25% of tax credits for inventory and natural gas storage paid as ad valorem taxes to local governments (does not apply to companies with credits of \$10,000 annually or less). Removes refundability of various R&D tax credits.	\$129,000,000
HB635	Jackson	Reduces certain tax rebates by 20% from July 1, 2015, to June 30, 2018; permanently excludes retail and food service from the Enterprise Zone program, superseding the provisions of HB466 by Rep. Barras.	\$5,000,000
HB549	Thibaut	Limits amount of severance tax exemption for oil and gas produced by horizontally drilled wells.	\$0
HB829	Robideaux	Caps certified motion picture investor tax credits from July 1, 2015, to June 30, 2018.	\$77,000,000
HB779	Ponti	Reduces the maximum value of the solar energy systems tax credit and provides for changes regarding eligibility and requirements to claim the credit.	\$19,000,000
HB119	Ritchie	Increases the tax on cigarettes.	\$106,400,000
			<b>\$660,100,000</b>

# Tax Increases from the 2015 Legislative Session

		FY16	Duration	Applicable	Recoupment
Act 125 / HB 629	Income & Franchise Tax Credits Cuts 28%	\$31.5	3 years	All returns From July 1	3 years
Act 123 / HB624	Corporate Income Tax Exclusions and Deductions Cuts 28%	\$122.0	3 years	All returns From July 1	3 years
Act 133 / HB 805	Five Year Carry-forward of 25% of Inventory Credit	\$129.0	Permanent	All returns From July 1	None
HCR 8	Suspend Business Utilities Exemption to 1% of Sales Tax	\$107.2	8/27/2016	Transactions From July 1	None
Act 94 / HB 119	Increase Cigarette Tax by \$0.50/pack plus vapor products	\$106.4	Permanent	Transactions From July 1	None
Act 109 / HB 402	Equalize Credit for Taxes Paid to Other States	\$34.0	3 years	All returns From July 1	3 years
Act 103 / HB 218	Eliminate Net Operating Loss Carry-Backs	\$29.0	Permanent	All returns From July 1	None
Act 131 / HB 779	Cap Solar Tax Credit Program	\$19.0	Permanent	All Claims From Jan 1	None
Act 126 / HB 635	Enterprise Zone Restrictions	\$5.0	Permanent	All Claims From July 1	None
Act 134 / HB 829	Modify/Cap Film Tax Credit Program	\$77.0	3 years	All Claims From July 1	None
Act 110 / HB 445	Certificates of Title Tax Increase	\$59.5	Permanent	Transactions From July 1	None
Act 147 / SB 271	Reduce Motor Fuels Tax Remittance Discounts	\$6.0	Permanent	Transactions From July 1	None
Act 109 / SB 93	Prohibits Education Credit If Tuition Deduction Taken	\$2.3	Permanent	From Tax Year 2015	None
	Interaction Between Act 123 and Act 103	(\$8.0)			
	Total Additional Revenue Generated	\$719.0			
				plus \$48.8 million in new fees =	<b>\$766.6M new money raised</b>
HCR 8	Business Utilities Sales Tax Dedicated To Tourism District	(\$4.2)			
Act 147 / SB 271	Motor Fuels Discounts Dedicated to TTF	(\$6.0)			
Act 94 / HB 119	Tobacco Tax Dedicated To Medicaid Fund	(\$106.4)			
	Tobacco Tax Reduces Existing Dedications	\$2.2			
Act 109 / 93	Higher Education Initiatives Fund Dedication	(\$350.0)			
	Net Additional General Fund Revenue	\$255.5			

# November 16, 2015: REC Updates Forecast and Reduced Projected Revenues by \$370M

Revenue Source	August Forecast (millions)	November Forecast (millions)	Increase/ (Decrease (millions))
Corporate Income & Franchise Tax	\$789.5	\$588.1	(\$201.4)
Individual Income Tax	\$3,012.9	\$3,054.8	\$41.9
Sales & Use Tax	\$2,935.1	\$2,872.2	(\$62.9)
Severance Tax	\$519.8	\$468.0	(\$51.8)
Other LDR Tax Collections	\$983.8	\$1,002.0	\$18.2
DNR Royalties, Rentals, etc.	\$327.1	\$239.2	(\$88.0)
All other Revenues (Gaming, DPS, etc.)	\$2,697.5	\$2,739.6	\$42.1
Total Taxes, Licenses & Fees	\$11,266	\$10,964	(\$302)
Dedications	(\$2,414)	(\$2,482)	(\$68)
<b>Net General Fund</b>	<b>\$8,852</b>	<b>\$8,482</b>	<b>(\$370 M)</b>

# February 10, 2016: REC Updates Projections

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- Projected a **\$850 million dollar deficit** for the Fiscal Year ending June 30, 2016
- Projected a **\$2 billion dollar deficit** for the Fiscal Year ending June 30, 2017



# February 5, 2016:

## Governor Calls Special Legislative Session

- Proclamation No. 10JBE2016
- Introduced 36 items

### FY16

- **Rainy Day Fund**
- **BP settlement**
- **10% one-time reduction to statutory dedications (across the board)**
- Sales tax increase\*
- Telecommunications tax increase\*
- Tobacco tax increase\*
- Internet sales tax collection\*
- Repeal all of business utilities sales tax exemption\*
- Suspend all of refundable inventory tax credit
- Suspend all of Net Operating Loss deduction\*
- Reduce tax credits for insurance premiums\*
- Reduce vendors comp payments\*
- Suspend Net Operating Loss deductions

### FY17

- Stelly reinstatement on income tax brackets and excess federal itemized deductions
- Constitutional Amendment to eliminate federal income tax deduction in exchange for lower rates\*
- Extend franchise tax to LLCs\*
- Remove sunsets on tax credit reductions enacted in 2015
- Enact add-back provisions for corporate income\*
- Change calculation of corporate income tax
- Renew auto excise tax on rental cars\*
- Increase alcohol taxes\*
- Extend sales tax on hotels to online vendors\*
- Possible flat tax for corporations\*

# 2016 Special Legislative Session Tax Increases

		<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>Duration</b>	<b>Effective</b>
Act 13 / HB 27	Beer, Wine, Liquor Excise Tax Rate Increases	\$4.7	\$19.2	\$19.3	Permanent	April 1, 2016
Act 14 / HB 39	Auto Rental Excise Tax	\$0.8	\$5.0	\$5.0	Permanent	April 1, 2016
Act 12 / HB 19	Extend Corporate Franchise Tax To LLCs, etc.	\$0.0	\$10.3	\$89.3	Permanent	January 1, 2017
Act 26 / HB 62	New 1% Sales Tax Rate	\$214.2	\$880.6	\$880.6	6/30/2018	April 1, 2016
Act 25 / HB 61	Remove Exemptions From Sales Tax	\$66.7	\$272.3	\$272.3	6/30/2018	April 1, 2016
Act 19 / HB 72	Renew Sales Tax On Interstate Telecomm Services	\$0.9	\$3.4	\$3.4	Permanent	April 1, 2016
Act 14 / HB 14	Tobacco Tax Rate Increase	\$11.0	\$46.0	\$46.0	Permanent	April 1, 2016
Act 10 / HB 87	Premium Tax Credit Reduction	\$0.0	\$8.3	\$8.6	6/30/2018	FY17 & FY18
Various	Reduce Vendor Compensation/Discounts	\$4.3	\$17.2	\$17.2	Permanent	April 1, 2016
Act 18 / HB 71	Enterprise Zone Restrictions	\$0.0	\$0.0	\$2.0	Permanent	April 1, 2016
	Total Additional Tax Revenue Generated	\$302.6	\$1,262.3	\$1,343.7		
Various	Dedicatons	(\$2.0)	(\$3.2)	(\$3.2)		
	Net Additional General Fund Tax Revenue	\$300.7	\$1,259.1	\$1,340.5		
	Use of Budget Stabilization Fund	\$128.5	\$0.0	\$0.0		
	BP Settlement Initial Payment	\$200.0	\$0.0	\$0.0		
	Total Additional General Fund Revenue	\$629.1	\$1,259.1	\$1,340.5		

# March 16, 2016: REC Updates Projections

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- After \$302.3 million in tax increases, the REC projected a **\$70 million dollar deficit** for the Fiscal Year ending June 30, 2016
- Projected a **\$750 million dollar deficit** for the Fiscal Year ending June 30, 2017

# HCR 11: Task Force on Structural Changes In Budget and Tax Policy

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*HCR 11 creates the **Task Force on Structural Changes in Budget and Tax Policy** to continue the budget and tax reform evaluations begun in the 2016 First Extraordinary Session and urges and requests the Governor to support and implement initiatives for structural change introduced in upcoming sessions that will lead to savings through more efficient and effective state operations.*

# HCR 11: Members Must Report

## Recommendations by September 1, 2016

### Member

Commissioner Jay Dardenne  
Sec. Kimberly Robinson  
Tom Clark (Adams and Reese)  
Dr. Jim Richardson (LSU)  
Dr. James Alm (Tulane)  
Dr. Steven Sheffrin (Tulane)  
Jason DeCuir (Ryan, LLC)  
Sean Reilly (Lamar Advertising)  
Lake Charles Mayor Randy Roach  
Louis Reine (AFL-CIO)  
Barry Erwin  
Robert Travis Scott  
Bill Potter (PWN)

### Representing

Division of Administration  
Department of Revenue  
Governor  
Revenue Estimating Conference  
LSU/SU Ag Center  
LSU/SU Ag Center  
LABI, C100, Blueprint  
LABI, C100, Blueprint  
LSA, LAA, PJA  
LSBA, LPB  
CABL  
PAR  
LACPA



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# A National Perspective on the 2016 Special Session

Ferdinand Hogroian  
Senior Tax & Legislative Counsel  
Council On State Taxation (COST)

# Where We Were: Louisiana's Business Contribution to State and Local Finances

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Louisiana's business community paid approximately **HALF (49.8%)** of all Louisiana state and local taxes in FY 2014 (**national average: 45%**)

- Income taxes (corporate and flow-through individual) on Louisiana businesses account for 10% of the business total contribution (national average: 14%)
- Property taxes account for 31% of the Louisiana business total contribution (national average: 36%)
- Sales taxes (borne by business and not passed-on to customers) account for 31% of the Louisiana total business contribution (national average: 21%)

*Source: COST, "Total State and Local Business Taxes", October 2015*

# Some Guiding Principles of Good Tax Policy

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- Equity and Fairness
- Certainty
- Convenience of Payment
- Economy in Collection
- Simplicity
- Neutrality
- Neutrality
- Economic Growth and Efficiency
- Transparency and Visibility
- Minimum “Tax Gap”
- Appropriate Government Revenues

*Source: AICPA, “Guiding Principles of Good Tax Policy: A Framework for Evaluating Tax Proposals”, March 2001*



# Expanding the Sales Tax to Business Inputs: Not a Good Idea

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Taxation of B2B transactions results in:

- Significant increased business tax burden
- Competitive disadvantage to out-of-state (and foreign) competitors
- Reduced in-state investment and employment
- Tax “pyramiding”
- Incentivizing big business to bring services in-house (hurts small business)
- Arbitrary and hidden price increases for consumers
- Increased administrative and compliance costs

*Source: AICPA, “Guiding Principles of Good Tax Policy: A Framework for Evaluating Tax Proposals”, March 2001*

# Act 25 and Act 26:

## Adding Complexity, Uncertainty to B2B Tax

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Act 25 and Act 26 produce:

- Uncertainty:
  - LDR despite best efforts revises guidance right before effective date, promises leniency
  - Will the rates/exemptions change as a result of a second special session?
  - Will the June 30, 2018 sunset occur?
- Complexity: multiple rate tiers, varying taxable items
- Inequity: winners & losers, both business and consumer
- Competitive disadvantage (see COST study)
- Bad headlines: “Louisiana sales tax system now ranks worse than last place” ... “New Tax Hikes... are ‘dangerous,’ apocalyptic”

# Act 25 and Act 26:

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## Comparing to Some Other States

Connecticut 1% tax on computer and data processing services

- 2015 legislation (H.B. 7061) would have increased the rate to 2% effective October 1, 2015, and to 3% effective July 1, 2016
- Immediately repealed: on same day H.B. 7061 was signed, S.B. 1502 also signed to keep the rate at 1%

North Carolina expanded tax on repair and maintenance

- H.B. 97, enacted September 18, 2015, expands sales tax to certain repair, maintenance, and installation services, eff. March 1, 2016
- Does not generally apply to services to exempt property (e.g., the state's "mill machinery and equipment" exemption)
- STILL generates headlines: "New service sales taxes generate confusion for business owners and DOR" – *The Courier-Tribune*

# Expanded Nexus, But the Opposite of Sales Tax Simplification

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H.B. 30/Act 22 includes various sales tax nexus expansion provisions, including “click-through” nexus

- “Affiliate nexus” provisions assert a collection responsibility based on greater than 5% ownership – How does this satisfy Due Process?

How can Louisiana justify imposing its sales tax irrespective of *Quill* without substantially simplifying its state and *local* tax systems?

H.B. 43/Act 15, restricting vendor compensation the opposite of federal legislation that would mandate free software/implementation

# Corporate Tax Changes:

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## Increased Burden, Uncertainty

- Repeals result of taxpayer victories in *UTELCOM* and *Polychim*, but not retroactive – applies to 2017 tax year (H.B. 19/Act 12)
- Changes credit ordering/application, retroactive to beginning of 2016 tax year (S.B. 15, Act 23); NOL ordering rule applies beginning in 2017 (H.B. 116/Act 24)
- “Clarifies” the NOL deduction is limited to the lesser of 72% of NOL carryovers or 72% of Louisiana net income, effective for all returns *filed* on or after July 1, 2015 (H.B. 20/Act 6)
- Enacts a related-party expense “addback”, with no definitions of “interest expense”, “intangible expense”, or “management fees” (only other states to add back management fees are Kentucky and Wisconsin) (H.B. 55/Act 16)

# Issues Raised Include...

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- Varying effective dates, including retroactive and contingent on return filing date
- Restrictions on credits after the fact; restricts market, upsets expectations of private parties
- Uneven impact, see e.g., credit/NOL ordering rules
- Extreme uncertainty, see e.g., no definition of “management fees”
- Extended sunset for credit reductions; what other sunsets will be extended? Made permanent?
- Legislative reversal of taxpayer victories in the courts
- Looming concern: funding of LDR and Board of Tax Appeals with assessments/judgments



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# 2016 Special Session Tax Recap

Christopher J. Dicharry  
Partner  
Kean Miller LLP

# Corporate Income and Franchise Tax

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## Expansion of Franchise Tax (Act 12/HB 19)

- Non-corporate entities including LLCs that elect to be taxed as corporations for federal tax will be subject to the tax, except:
  - Entities eligible to be taxed as S-Corportions not subject to CFT
    - Does company have to make S election?
- Overrules UTELCOM
- Holding company deduction
- First year tax liability for existing entities now subject to CFT

## CIT Add Back (Act 16/HB 55)

## Net Operating Loss (Act 6/HB 20)

- 28% of income will be taxed



# Corporate Income and Franchise Tax: Proposed CIT Changes

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**Repeal CIT deduction for federal income taxes (Act 31/HB31)**

***Constitutional Amendment***

- November 8, 2016 election
- Effective for tax years beginning on and after January 1, 2017

**Repeal federal income tax deduction statute (Act 30/HB 95)**

- Effective only if constitutional amendment above is adopted by the voters

**Implement a flat rate of 6.5% for the CIT (Act 8/ HB 29)**

- Effective only if constitutional amendment above is adopted by the voters

# Corporate Income and Franchise Tax: Technical Corrections

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**Bank Dividends (Act 1/HB 7)**

**Net Operating Loss (Act 24/HB 116)**

# Miscellaneous Taxes

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**Tobacco Tax (Act 4/HB 14)**

**Tobacco Tax (Act 5/HB 18)**

**Alcoholic Beverage Tax (Act 7/ HB 28)**

**Alcoholic Beverage Tax (Act 13/HB 27)**

# Tax Credits and Incentives

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**Sunset repeal – 2015 limitations on rebates (Act 28/HB 22)**

**Sunset repeal – 2015 limitations on credits (Act 29/HB 24)**

**Application of refundable tax credits (Act 23/SB 15)**

**Changes to Enterprise Zone Program (Act 18/HB 71)**

**Change in Insurance Premium Tax Credit (Act 10/HB 87)**

# Sales Tax

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## Vendors Compensation Reduction (Act 15/HB 43)

- Limited to .935%. Further limited as follows:
  - The payment of the dealer is timely paid and the return is timely filed with the secretary
  - The amount of any credit claimed for taxes already paid to a wholesaler has not been deducted in computing the amount of the compensation allowed the dealer
  - The total state compensation for a dealer who operates one or more business locations within this state does not exceed one thousand five hundred dollars (\$1,500.00) per calendar month
  - The calculation of the deduction is based only on the taxes levied pursuant to R.S. 47:302, 321, 331, and R.S. 51:1286
  - No compensation is allowed for taxes accounted for and remitted pursuant to R.S. 47:321.1 or any other sales tax levied by this state
- See Revenue Information Bulletin No. 16-015, April 1, 2016, Sales and Use Tax

# Sales Tax

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**Remote Sellers (Act 22/HB 30)**

**Telecommunications Tax (Act 9/HB 72)**

**Automobile Rental Tax (Act 14/HB 39)**

**Hotel Tax (Act 17/HB 59)**

# Sales Tax: Exclusion/Exemption Changes: The Lists

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## Act 25/HB 61 & Act 26/HB 62

- La. R.S. 47:302 / 2%
- La. R.S. 46:321 / 1%
- La. R.S. 47: 331 / 1% (includes .03% levied by Tourism Promotion District)
- La. R.S. 47:321.1 / 1% (the new somewhat clean penny)

# Sales Tax: Exclusion/Exemption Changes:

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## The Dates

- April 1, 2016 – June 30, 2016
- July 1, 2016 – June 30, 2018
- July 1, 2018 – March 31, 2019



# Sales Tax: Exclusion/Exemption Changes:

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## The Big Issues

- Sales for resale (47:301(10)(a)(i) - 0%/0%/0%)
- Sales for further processing (47:301(10)(c)(i)(aa) - 0%/0%/0%)
- Transactions in interstate commerce & manufacture for export (47:305(E) - 0%/0%/0%)
- Purchase for lease (47:301(10)(a)(iii) - 4%/2%/0%)
  - Automobiles purchased for lease (47:301(10)(a)(iii) - 0%/0%/0%)
- Manufacturing machinery & equipment (47:301(3)(i), 47:301(13)(k), 301(28)(a) - 2%/1%/0%)

# Sales Tax: Exclusion/Exemption Changes:

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## The Big Issues

- Isolated or Occasional Sales (47:301(10)(c)(ii)(bb) - 4%/2%/0%)
  - Capital Contributions
  - Facility & Asset Sales
- Other constructions (47:301(16)(l) - 4%/2%/0%)
  - New Construction
  - Leases
  - Repairs
- Custom software (47:301(16)(h) - 5%/3%/0%)
  - Sale for Further Processing
  - Repairs

# Sales Tax: Exclusion/Exemption Changes:

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## The Big Issues

- Separately stated installation charges (47:301(3)(a) - 0%/0%/0%)
- Separately stated labor charges on out of state repairs (47:301(3)(b) - 5%/3%/0%)
- Byproducts (47:301(18)(d)(ii) - 5%/3%/0%)
- Business Utilities
  - Steam (47:305(D)(1)(b) - 5%/4%/1%)
  - Energy for generation and Electricity (47:305(D)(1)(d) - 5%/4%/1%)
  - Natural gas (47:305(D)(1)(g) - 5%/4%/1%)
  - Materials and energy sources used as boiler fuel or to generate electricity for resale (47:305(D)(1)(h) - 5%/5%/2%)
    - Does not include natural gas and refinery gas

# Sales Tax: Exclusion/Exemption Changes:

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## The Big Issues

- Gasoline (subject to excise tax) (Art VII Sec 27 of LA Constitution - 0%/0%/0%)
- Credit for taxes paid to other states (47:303 (A)(3)(a) - 0%/0%/0%)
- Membership dues involving entertainment, athletic, recreational (47:301(14)(b)(i) - 5%/3%/0%)
  - See Revenue Information Bulletin No. 16-014, March 30, 2016, Sales Tax

# Sales Tax: Exclusion/Exemption Changes:

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## Commercial/Industrial

- Electricity for chlor-alkali manufacturing (47:301(10)(c)(ii)(aa) - 5%/3%/0%)
- Natural gas used in production of iron (47:301(10)(c)(i)(bb) - 5%/3%/0%)
- Sales of airplanes and equipment to Louisiana commuter airlines (47:301(10)(k) - 5%/3%/0%)
- Sale of aircraft manufactured in Louisiana (47:301(10)(m) - 5%/3%/0%)
- Machinery & equipment to produce Unblended biodiesel (47:301(18)(k) - 5%/3%/0%)

# Sales Tax: Exclusion/Exemption Changes:

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## Commercial/Industrial

- Machinery & equipment used by motor vehicle and glass manufacturers (47:301(16)(m) - 2%/2%/0%)
- Lease of pallets by manufacturers (47:301(7)(l) - 5%/3%/0%)
- Shipbuilding (47:305.1 - 0%/0%/0%)
- Raw materials used in printing (47:305.44 - 5%/4%/1%)
- Utilities for steel works (47:305.51 - 5%/4%/1%)
- Pollution control equipment (non-MM&E) (47:301(10)(l) – (5%/3%/0%)

# Sales Tax: Exclusion/Exemption Changes:

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## Commercial/Industrial

- Machinery & equipment for unblended biodiesel (47:301(10)(y) - 5%/3%/0%)
- Repairs performed in Louisiana when repaired property will be delivered out of state (47:301(14)(g) - 4%/2%/0%)
- Purchases of machinery and equipment by certain electric utilities (47:301(16)(o) - 5%/3%/0%)

# Sales Tax: Exclusion/Exemption Changes:

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## Oil and Gas

- Refinery gas (47:301(3)(f), 47:301(13)(d) - 5%/5%/4%)
- Repairs/renovations to OCS drilling rigs (47:305(l) - 5%/3%/0%)
- Property purchased for first use offshore (47:305.10 - 4%/2%/0%)
- Lease of vessels used in offshore mineral production (47:305.19 - 5%/4%/1%)
- Natural gas used in gas storage services (47:301(10)(bb) - 5%/3%/0%)



# Sales Tax: Exclusion/Exemption Changes:

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## Oil and Gas

- Anthropogenic carbon dioxide re: tertiary recovery (47:301(10)(gg) - 5%/3%/0%)
- Re-lease/re-rental of oilfield property (47:301(7)(b) - 5%/3%/0%)
- Separate stated charges for board roads (0%/0%/0%)
- Proprietary geophysical survey information (0%/0%/0%)

# Sales Tax: Exclusion/Exemption Changes:

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## Paper and Wood Products Manufacturing

- Electricity & natural gas for paper & wood products manufacturing (47:301(3)(j) - 5%/3%/0%)
- Consumables for paper & wood products manufacturing (47:301(3)(k) - 5%/3%/0%)
- Sales of pelletized waste paper (47:301(10)(n) - 5%/3%/0%)

# Sales Tax: Exclusion/Exemption Changes:

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## Transportation

- Purchase, use, lease of trucks over 80,000 pounds/trailers (47:305.50(A)(2) - 0%/0%/0%)
- Purchase or use of trucks 26,000 pounds and less than 80,000 pounds used 80% of the time in interstate commerce (47:305.50(A)(1) - 0%/0%/0%)
- Purchase of contract carrier buses used 80% of the time in interstate commerce (47:305.50(B) - 1%/1%/0%)
- Sales of vehicles to be leased or rented (47:305.36(A) - 0%/0%/0%)
- Lease of vehicles for release or re-rental (47:305.36(A) - 5%/4%/1%)
- Cars, rolling stock owned, operated or leased by railroads (47:305.45 - 5%/1%/1%)

# Sales Tax: Exclusion/Exemption Changes:

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## Transportation

- Sale or leases or rail rolling stock (47:305.50(E)(1) - 0%/1%/1%)
- Fabrication, modification or repair of rail rolling stock  
47:305.50(E)(2) - (5%/3%/0%)
- Sale of "green" railroad ties for use in other states (47:305.50(F) -  
4%/2%/0%)
- Leases of airplanes and equipment by commuter airlines  
(47:301(7)(d) - 5%/3%/0%)

# Sales Tax: Exclusion/Exemption Changes:

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## Transportation

- Motor vehicles leases re: warranty repairs (47:301(7)(h) - 4%/2%/0%)
- No cost vehicle repair after warranty lapse (47:301(16)(c) - 5%/3%/0%)
- Vehicles removed from inventory / demonstrators (47:305(D)(1)(i) - 5%/4%/1%)
- Vessels removed from inventory / demonstrators (47:305(D)(1)(i)- (5%/3%/0%)

# Sales Tax: Exclusion/Exemption Changes:

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## Medical

- Sales of human tissue, including organs (47:301(10)(d) - 4%/2%/0%)
- Sales to free care hospitals (47:301(10)(p) - 4%/2%/0%)
- Materials used on collection of blood (47:301(16)(j) - 4%/2%/0%)
- Supplies and equipment re: free hospital (47:301(18)(c) - 4%/2%/0%)
- Drugs prescribed by physicians and dentists (47:305(D)(1)(j) - 0%/0%/0%)
- Prescribed eyeglasses, wheelchairs, lifts, prosthetics (47:305(D)(1)(k) - 5%/3%/0%)
- Patient aids prescribed by a physician (47:305(D)(1)(m) - 5%/3%/0%)

# Sales Tax: Exclusion/Exemption Changes:

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## Medical

- Medical devices under supervision of a physician (47:305(D)(1)(s) - 5%/3%/0%)
- Dental restorative devices (47:305(D)(1)(t) - 5%/3%/0%)
- Adaptive driving equipment prescribed by a physician (47:305(D)(1)(u) - 5%/4%/1%)
- Dialysis machines and parts (47:305(G) - 5%/4%/1%)
- Free pharmaceutical samples (47:305.47 - 5%/4%/1%)

# Sales Tax: Exclusion/Exemption Changes:

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## Medical

- Equipment and software for radiation therapy (47:305.64 - 5%/3%/0%)
- Breastfeeding items (47:305.67 - 5%/3%/0%)
- Sales & rentals paid by Medicare (047:315.3 - 0%/0%/0%)



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# 2016 Special Session Wrap-Up