

NOTICE OF INTENT

Department of Revenue Policy Services Division

Sales and Use Tax Exemption for Charitable Construction of Animal Shelters (LAC 61:I.4427)

Under the authority of R.S. 47:1151, and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, gives notice that rulemaking procedures have been initiated to enact LAC 61:I.4427 to provide guidance on the procedures for receiving the sales and use tax exemption provided in R.S. 47:305.59(B) as enacted by Act 299 of the 2021 Regular Session.

R.S. 47:1511 authorizes the secretary to prescribe rules and regulations to carry out the purposes of Title 47 and the purposes of any other statutes or provisions included under the secretary's authority. R.S. 47:305.59(B) provides a sales tax exemption for materials used in the construction of new animal shelters. The purpose of this regulation is to provide further guidance on requesting and receiving the exemption.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 44. Sales and Use Tax Exemptions

§4427. Sales and Use Tax Exemption for Charitable Construction of Animal Shelters

A. R.S. 47:305.59(B) provides a state sales and use tax exemption for sales of construction materials to certain animal shelter purchased between October 1, 2021, and June 30, 2025, are intended to be used in constructing new animal shelters in Louisiana, and construction begins on or before June 30, 2025. The local sales and use tax exemption is effective July 1, 2021, for construction beginning between July 1, 2021, and June 30, 2025.

B. Definitions. For purposes of this Section, the following terms shall have the meaning ascribed therein.

Animal shelter facility—a building, structure, site, enclosure, or other facility used or operated for the housing or keeping of any stray, homeless, abandoned, or unwanted animals, including any facility designated by a parish, municipality, or other local governmental authority for the keeping or housing of any impounded animals.

Animal Shelter—a public or private entity designated by the parish, municipality, or other local governmental authority for keeping or housing its impounded animals or a private, not for profit entity whose mission or practice is protecting the welfare of animals and the placement of those animals in permanent homes or with animal rescue organizations.

Louisiana Animal Shelter Registry—the registry established and maintained by the state veterinarian for animal shelters as set forth in R.S. 3:2366.

C. Eligibility. To qualify for the sales and use tax exemption on sales of construction materials, the following conditions must be satisfied at the time of application:

1. The Animal Shelter is registered with the Louisiana Animal Shelter Registry.

2. The Animal Shelter intends to use the purchased materials in constructing a new animal shelter facility located within this state.
3. The Animal Shelter and the proposed new construction must comply with the provisions of R.S. 3:2461 et seq. and R.S. 3:2471 et seq.
4. Purchases of materials for the construction of a new animal shelter facility must occur between October 1, 2021 and June 30, 2025 for the state sales tax exemption to be applicable.
 - a. Purchases of materials for the repair of, for an addition to, or for alterations to existing animal shelter facilities do not qualify for the exemption.

D. Limitations. The following limitations shall apply for the sales and use tax exemption on sales of construction materials:

1. The Animal Shelter shall not be eligible for the exemption if the Animal Shelter engages in the business of selling animals at retail or the business of breeding animals.
2. The Animal Shelter shall not be eligible for the exemption if the Animal Shelter is a residential dwelling or attached in any manner to a residential dwelling.

E. Application.

1. All applications for the exemption shall be submitted to the secretary of the Department of Revenue on a form prescribed by the secretary.
2. Applicants shall provide appropriate documentation to the secretary, as follows:
 - a. Proof of address and estimated costs of construction for the proposed animal shelter facility;
 - b. Resolution, declaration, or letter from the parish, municipality, or other local governmental entity; and
 - c. Any other documentation required by the secretary to make a determination as to whether the exemption is applicable;
 - d. The most recent submission to the state veterinarian required by R.S. 3:2366(E).

AUTHORITY NOTE: Promulgated in accordance with R.S.47:305.59(B) and R.S. 47:1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 47:_____

Family Impact Statement

The proposed Rule has no known impact on family as defined by R.S. 49:972(D), or on family formation, stability, and autonomy. The proposed rule also have no known or foreseeable impact on:

1. The effect on the stability of the family.
2. The effect on the authority and rights of parents regarding the education and supervision of their children.
3. The effect on the functioning of the family.
4. The effect on family earnings and family budget.
5. The effect on the behavior and personal responsibility of children.
6. The ability of the family or a local government to perform the function as contained in the proposed rule.

Poverty Impact Statement

The proposed Rule has no known impact on poverty as described in R.S. 49:973.

Small Business Analysis

The proposed Rule may have a slight economic impact on small businesses by providing guidance on the procedures for receiving the sales and use tax exemption provided in R.S. 47:305.59(B). The proposed rule has no other known measurable impact on small businesses as described in R.S. 49:965.6.

Provider Impact Statement

The proposed Rule has no known or foreseeable effect on:

1. the staffing levels requirements or qualifications required to provide the same level of service;
2. the total direct and indirect effect on the cost to the provider to provide the same level of service;
3. the overall effect on the ability of the provider to provide the same level of service.

Public Comments

All interested persons may submit written data, views, arguments or comments regarding this proposed rule to Dewanna Trask, P.O. Box 44098, Baton Rouge, LA 70804-4098. Written comments will be accepted until 4:30 p.m., January 24, 2022.

Public Hearing

A public hearing will be held on January 28, 2022, at 10:00 a.m. in the LaBelle Room, located on the 1st floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802.

Kimberly J. Lewis
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

Person preparing statement: Peggy Parker Dept.: Revenue
Phone: (225) 219-2063 Office: Policy Services Division
Return Address: 617 North Third Street Rule Title: LAC 61.I.4427
Baton Rouge, LA 70802 Date Rule Takes Effect: March 20, 2022

SUMMARY
(Use complete sentences)

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Costs for implementation of this proposal will be absorbed within the current budget allocation of the Department of Revenue ("the Department").

Act 299 of the 2021 Regular Session of the Louisiana Legislature provides a sales tax exemption for certain purchases of construction materials for the construction of new animal shelters, which begin construction between July 1, 2021, and June 30, 2025. The purpose of the proposed rule is to define the eligibility requirements and to implement the procedures the Department will use to administer the sales and use tax exemption for the sales of construction materials to certain animal shelters.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

This measure will result in an indeterminable, but likely relatively minor, reduction in state general fund revenue. Local funds reductions will vary by the tax rate charged and the extent of eligible purchases in each political subdivision.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)

The Department estimates that non-governmental groups will be affected. Approved animal shelters will receive reduced construction material costs for new shelter construction. Animal shelters who are not approved or who do not apply for certification will be required to pay state sales tax on their purchases of construction materials for new shelters.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The proposed rule does not affect competition or employment.



Signature of Agency Head or Designee

Kimberly J. Lewis, Secretary
Typed Name & Title of Agency Head or Designee

Date of Signature



Legislative Fiscal Officer or Designee

Alan M. Barthelemy, Deputy Fiscal Officer
Typed Name of Legislative Fiscal Officer or Designee

12/9/21
Date of Signature