



Private Letter Ruling No. 03-003

**Redacted Version**

Sales Tax

Taxability of Publicly Owned Facilities

**March 17, 2003**

This private letter ruling involves the application of Louisiana Revised Statute 39:468 to publicly owned facilities in a political subdivision. The facts of the case are presented below.

**Facts**

In 2001, a Louisiana parish adopted an ordinance granting a sales tax exemption for events held at its parish-owned facilities. Subsequently, each of the political subdivisions in the Parish adopted similar resolutions. These ordinances were passed to obtain a state tax exemption for the Parish's local arena. Louisiana Revised Statute 39:468, exempts publicly owned facilities from all present and future state taxes when political subdivisions exempt those facilities from any taxes they impose. Neither the Parish nor its municipal governments levy any other form of taxation upon these facilities.

When the local authorities contacted the Department of Revenue about the exemption, they were informed that R.S. 39:468 only applies if the local ordinances exempt all public facilities owned and operated by or for the state, or any of its agencies, boards, or commissions, or by any political subdivision from all local taxes. Since several of the ordinances only exempted parish-owned facilities, the ordinances may not have met the criteria established in R.S. 39:468 to obtain the state exemption. Local officials asserted that no comparable state owned or operated facilities existed within the Parish before or after adoption of the original ordinances. Regardless, in 2002 the local governing authorities in the Parish amended their ordinances to exempt all publicly owned facilities from local sales and use taxes.

**Issue**

Does the state tax exemption provided under R.S. 39:468 apply to events held at publicly-owned facilities within the Parish and if so, when did the exemption become effective?

**The Law**

Louisiana Revised Statute 39:468 provides:

Any event, activity, or enterprise, or the right of admission thereto, conducted in any publicly-owned facility owned and operated by or for the state, or any of its agencies, boards, or commissions, or by any political subdivision, or any sale, service, or the transaction occurring in such facility or on the publicly-owned property on which the facility is located, including without limitation the sale of admission tickets to events, activities, or enterprises, wherever sold; parking; and tours of the facility shall be exempt from all present and future taxes levied by the state including but not limited to the sales, use, amusement, or any other tax; provided however, that such exemption shall not apply unless the local taxing authority first exempts from any tax levied by that authority such events, activities, enterprises, sales, services, or other transaction occurring within *all*

publicly owned facilities within the jurisdiction of said local taxing authority [emphasis added]. However, this exemption shall not extend to any sale of goods or other tangible personal property at a trade show or other event at which the sale of such goods or property is the primary purpose of the show or event.

### **Analysis**

For the parish-owned arena to qualify for the state tax exemptions provided by R.S. 39:468 for sales, services, or transactions occurring in the facility, all of the local taxing authorities must grant similar exemptions for all publicly-owned facilities within the Parish.

When Acts 1985, No. 2 was enacted, R.S. 39:467 authorized a state and local tax exemption for the New Orleans Superdome and R.S. 39:468 authorized similar tax exemptions for other political subdivisions if the local authorities granted tax exemptions for all publicly-owned facilities. This requirement was included to prevent local authorities from obtaining a benefit from the state exemption while denying the benefit of a local exemption.

Revised Statute 39:468 requires local authorities to exempt all publicly owned facilities. The initial ordinances adopted by the Parish and its municipal taxing authorities in 2001, granted “a parish sales tax exemption for events held at all parish-owned facilities.” Although R.S. 39:468 requires that local tax authorities grant similar tax exemptions for “all publicly-owned facilities,” according to Parish officials, there were no other publicly-owned facilities in 2001. Since parish-owned facilities were the only publicly owned facilities, the original local ordinances did in fact exempt all publicly owned facilities. However, if a state-owned public facility had been located in the Parish, the original local ordinances, which exempted “parish-owned facilities,” would not have met the requirements of R.S. 39:468 and the state tax exemptions would have been disallowed. When the Parish and its municipal governments amended their ordinances in 2002 to provide that the local tax exemptions apply to all “publicly-owned facilities,” they were in compliance with the requirements of R.S. 39:468 and ensured continuation of the state exemption in the event that a state-owned public facility located in the Parish.

### **Conclusion**

The state exemption provided by R.S. 39:468 applies to all periods after adoption of the original local ordinances in 2001. Amendments to the local ordinances in August and September 2002, to provide that the local tax exemptions apply to all “publicly-owned facilities,” ensured continued eligibility for the state exemption in the event that another state-owned public facility located in the Parish.

Questions or comments about this matter should be directed to the Policy Services Division at (225) 219-2780.

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