

Revenue Information Bulletin No. 25-022

August 8, 2025¹

Sales Tax

2025 Regular Session

Contractor Exemptions Related to PILOT Agreements

Act 384 of the 2025 Regular Session of the Louisiana Legislature extended the governmental sales tax exemption in La. R.S. 47:305.7(A), effective July 1, 2025 to certain purchases made by general contractors and their subcontractors when performing work pursuant to construction contracts for the state, local governments, or any agency, board, commission or instrumentality of the state (“public projects”)². However, pursuant to La. R.S. 47:305.7(A)(1)(c), the exemption does not apply to general contractors or subcontractors making purchases related to payment in lieu of taxes (“PILOT”) agreements or other similar agreements executed after July 1, 2025, unless the agreement is approved by the secretary of the Department of Revenue (“LDR”) and the secretary of the Louisiana Economic Development (“LED”). Any exemptions approved subject to PILOT are solely applicable to state sales and use tax.

Requests for approval of PILOT agreements should be submitted to LDR by email to LDRPILOTrequests@la.gov.

To determine if the sales tax exemption is in the best interest of the state, all requests shall include the following information:

- Names of all parties to the PILOT Agreement
- PILOT Agreement Number
- PILOT Agreement Begin and End Dates
- Description of the PILOT project
- Funding Source
- Description of all payments to be made in lieu of taxes
- Description of the anticipated tax relief granted in the PILOT, including amounts of the abated local ad valorem taxes and exempt state and local sales and use taxes
- Names and LDR account numbers for the project owner, general contractor (if not the project owner), and all subcontractors who will claim an exemption
- Name(s) of the owner(s)/principal(s) of the project owner

¹ Revised April 13, 2026, to clarify applicability of exemptions approved subject to PILOT.

² La. R.S. 47:305.7(A)(1)(b)

- A copy of the PILOT agreement, along with all related contracts/agreements, including cooperative endeavor agreements, other PILOT agreements, etc.
- Copies of all reports, analyses, or other documents submitted to the local public entity in connection with the PILOT application

In addition to the above information, each request shall be accompanied by a state fiscal return on investment analysis and “but-for report”. The state fiscal ROI shall be specific to the cost of the state exemption and net fiscal benefit to the state. The but-for report should answer this question: From a strictly financial perspective, would this project be financially feasible under current market conditions without the exemption of state sales and use tax? Any but-for report prepared for purposes of the local entity may be submitted for purposes of the state requirement if it contains an analysis exclusive to the exemption or abatement of state sales tax.

Finally, the request shall also include the following certifications from the project owner, general contractor, and subcontractors who will claim the exemption:

- That the entity/person has not filed for bankruptcy relief in the last 10 years
- That the entity/person is current in its federal, state, and local tax filings

Submission of all required information does not guarantee approval. Each request will be evaluated to assess the impacts to the state. If approved, the request will be forwarded to LED for consideration.

Questions regarding this process should be submitted by email to LDRPILOTrequests@la.gov.

Jarrold J. Coniglio
Secretary