



Revenue Information Bulletin No. 02-006

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Sales Tax

Federal Injunction Prohibits Louisiana from Enforcing Sales Tax Exclusions that Benefit Religious Entities

On March 23, 2002, the U.S. District Court for the Eastern District of Louisiana issued an injunction striking down Louisiana's sales tax laws granting exclusions to certain religious groups. The American Civil Liberties Union Foundation of Louisiana (ACLU) filed suit against the Department of Revenue in June 2000 arguing that the sales and use tax exclusions Louisiana provides to certain religious groups violate the constitutional separation of church and state.

The court found that the ACLU showed a substantial likelihood of success on the merits and entitlement to the injunctive relief sought. As a result, a preliminary injunction was granted and both parties were instructed to advise the Court in writing and within 10 days as to whether a permanent injunction hearing and trial would be necessary. The Attorney General, with the concurrence of the Secretary of Revenue, elected not to pursue further litigation in the case.

As a result of the court's injunction, the following transactions will now be taxable:

1. purchases of bibles, song books, or literature used for religious instruction classes excluded from the sales tax by R.S. 47:301(8)(d);
2. payment for the use of camp and retreat facilities owned and operated for religious purposes by nonprofit religious organizations excluded from the sales tax by R.S. 47:301(6)(b), R.S. 47:301(14)(b)(iv), and R.S. 33:4574.1(A)(1)(b); and
3. purchases by the Society of the Little Sisters of the Poor excluded from the sales tax by R.S. 47:301(8)(e)(i).

Effective immediately, vendors must begin collecting sales or use tax on sales made to these entities and customers must begin paying sales or use tax on purchases made from these entities.

For additional information, please contact the Department of Revenue at (225) 219-7356.

Cynthia Bridges
Secretary

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