



**Revenue Information Bulletin
No. 04-011
April 20, 2004
Sales Tax**

**Legislature Continues the Suspension of Most State Sales Tax Exemptions
Through June 30, 2009**

Act 4 of the 2004 First Extraordinary Session of the Louisiana Legislature continued the suspension of most state sales tax exemptions through June 30, 2009. The rate of sales tax to be collected on most suspended exemptions will be four percent. However, the rate of tax on sales of non-residential electricity, water utility service, natural gas, and steam will be the same 3.8 percent rate that has been in effect since July 1, 2003. Act 4, as did previous suspension legislation, provides that certain enumerated exemptions shall not be suspended.

Fully suspended exemptions include, but are not limited to:

- sales of newspapers;
- purchases by nonprofit electrical cooperatives;
- purchases of certain materials for use in commercial printing processes;
- purchases of certain materials by organizations that sponsor Mardi Gras balls;
- purchases of materials for the construction and operation of nonprofit retirement centers;
- the first \$50,000 of the sales price of certain items of commercial farm equipment, other than rubber-tired farm tractors, cane harvesters, cane loaders, combines, haybalers, cotton pickers, all of which continue to be exempt in the first \$50,000 of their sales prices;
- sales of admission tickets by Little Theater organizations;
- sales of racehorses at claiming races;
- sales of feed and feed additives for animals used for business purposes;
- sales of certain supplies for use in the harvesting of crawfish;
- automobiles, trucks, and aircraft removed from inventory for use as demonstrators;
- catalogs distributed in the state free of charge;
- purchases by Ducks Unlimited and other organizations dedicated exclusively to the conservation of North American waterfowl and wetland habitat;
- sales of certain supplies for use in the harvesting of catfish;
- sales of materials and energy sources, other than natural gas (taxable at 3.8 percent) and refinery gas [taxable under the formula provided by R.S. 47:301(3)(f)] that are used for boiler fuel or to fuel the generation of electricity for sale;
- sales of adaptive driving equipment and motor vehicle modifications that are prescribed by physicians, licensed chiropractors, or driver rehabilitation specialists licensed by the state;

- sales of meals to the staff and students of educational institutions, to the staff and patients of hospitals, to the staff, inmates, and patients of mental institutions, and to boarders of rooming houses and occasional meals furnished by educational, religious, or medical organizations in facilities not open to outsiders or the general public; and
- the sale or use of pharmaceutical samples approved by the U.S. Food and Drug Administration that are manufactured in the state or imported into the state for distribution without charge to physicians, dentists, clinics, or hospitals.

Transactions Not Affected

Many exempt transactions provided for in the state sales tax law and other statutes are not affected by the suspension of exemptions or the rate reduction provided for by Act 4. These transactions will continue to be fully exempt from the state sales tax. They include:

- sales in and admissions to state-owned domed stadiums and similar facilities;
- sales of farm products direct from the farm by producers;
- farm products produced by farmers and used by farmers and their families;
- sales of fertilizer and containers to farmers;
- drugs prescribed by physicians and dentists;
- wheelchairs for personal use and patient aids for home use prescribed by physicians or licensed chiropractors;
- ostomy, colostomy, ileostomy devices, and equipment; medical devices used by a patient in the treatment of any disease under the supervision of a physician;
- restorative materials used by dentists; purchases and rentals, under a physician's prescription of kidney dialysis machines, equipment and supplies for home use;
- sales and use of 50-ton vessels and new component parts and sales of certain materials and services to vessels operating in foreign and interstate coastwise commerce;
- sales of insulin;
- sales of seeds to farmers;
- sales of pesticides to be used for agricultural purposes;
- property purchased for exclusive use offshore;
- admissions, parking fees, and sales of tangible personal property at certain fund-raising events sponsored by qualifying organizations;
- sales by blind persons who operate certain small businesses;
- purchases of fishing boats, supplies, fuel, lubricants and repairs for the boats owned and operated by licensed commercial fishermen;
- first \$50,000 of the sales price of certain rubber-tired farm equipment and attachments;
- sales of diesel fuel, butane, propane, or other liquefied petroleum gases to farmers;
- sales or purchases by sheltered workshops for the mentally retarded licensed by the Louisiana Department of Health and Hospitals;

- purchases with USDA food coupons and WIC vouchers;
- the sale or use of trucks of 26,000 pounds or more and trailers that are used at least 80% of the time in interstate commerce; and
- sales of utilities used by steelworks and blast furnaces.

Food for Home Consumption, Residential Utilities

Sales of food for home consumption and sales of natural gas, electricity, and water sold directly to the consumer for residential use are exempt from state sales tax, as provided by Article VII, Section 2.2 of the Louisiana Constitution. These constitutionally provided exemptions will continue unaffected by Act 4.

Questions concerning the collection of the sales tax on suspended exemptions can be directed to the Taxpayer Services Division in Baton Rouge at 225.219.7356 or to any of the department's regional offices.

Cynthia Bridges
Secretary