



**Revenue Information Bulletin
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Sales Tax**

Legislature Enacts Sales Tax Exclusion for Certain Sales by Carnival Organizations

Act 410 of the 2005 Regular Session of the Louisiana Legislature has amended two sections of the state sales tax law to provide exclusions from state and local sales tax collection on certain sales by Louisiana-domiciled nonprofit carnival organizations.

R.S. 47:301(13)(l) is enacted to exclude the “price of specialty items sold to members for fund-raising purposes by a nonprofit carnival organization domiciled within Louisiana and participating in a parade sponsored by a carnival organization” from the definition of taxable “sales price”. R.S. 47:305.40, which previously provided a sales tax exemption for carnival organizations’ purchases of specialty items, was also amended by Act 410 to extend the exemption to also include carnival organizations’ sales of specialty items. However, since Act 4 of the 2004 First Extraordinary Session of the Legislature suspended the exemptions under R.S. 47:305.40 through June 30, 2009, the purchases and sales exemptions for carnival organizations provided by that newly amended statute will not be in effect until July 1, 2009. However, the newly enacted exclusion from “sales price” under R.S. 47:301(13)(l) will be in effect as of August 15, 2005, without regard to the suspension of exemptions by Act 4.

Even though the exemption provided by R.S. 47:305.40 is suspended, the definitions provided by that statute for the terms “specialty items” and “carnival organization” will be used in the administration of the exclusions from “sales price” under R.S. 47:301(13)(l). As provided by R.S. 47:305.40(A)(1) and (2),

“(1) ‘Specialty items’. . . are defined as those items which are specially designed for the carnival or nonprofit organization and bear the carnival or nonprofit organization's name or insignia, including but not limited to doubloons, necklaces, cups, and coasters.”

“(2) ‘Carnival organization’. . . is defined as an organization domiciled within Louisiana that plans to sponsor either a Mardi Gras ball or parade during the next Mardi Gras season.”

R.S. 47:301(13)(l)(iii) provides that no carnival organization domiciled within Louisiana and participating in a parade sponsored by a carnival organization shall claim exclusion from the state or local sales tax before having received a certificate of authorization from the Secretary of Revenue, who shall make certificates available without charge to qualifying organizations. Applications for the exclusion are available from any department office.

Questions concerning this matter can be directed to the Taxpayer Services Division at 225.219.7356.

Cynthia Bridges
Secretary

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