



**Revenue Information Bulletin
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Sales Tax**

2007 Legislative Act Provides State and Local Sales Tax Exclusion for Repairs in Louisiana to Offshore Drilling Rigs; Adds Two Other Local Sales/Use Tax Exclusions

Act 173 of the 2007 regular session of the Louisiana Legislature has enacted three unrelated sales tax provisions, including one exemption applicable to both state and local sales taxes, a second provision effectively requiring the allowance in a single parish of an exemption already applicable to state sales taxes, and a third provision allowing a single parish to conduct a sales tax holiday in the same manner and at the same time as state sales tax holidays. The Act was effective June 27, 2007.

Act 173 enacts R.S. 47:301(14)(iii)(aa) and (bb) to provide that taxable “sales of services” shall not include labor, or sale of materials, services, and supplies, used for repairing, renovating or converting of any drilling rig, or machinery and equipment which are component parts thereof, which is used exclusively for the exploration or development of minerals outside the territorial limits of the state in Outer Continental Shelf waters. For purposes of the new exclusion, the term “drilling rig” is defined as any unit or structure, along with its component parts, that is used primarily for drilling, workover, intervention, or remediation of wells used for exploration or development of minerals. “Component parts” means any machinery or equipment necessary for a drilling rig to perform its exclusive function of exploration or development of minerals.

This provision is the enactment as an exclusion of a similar provision that already existed as an exemption that has been fully since July 11, 2005. More details concerning the effectiveness of the earlier exemption are included in Revenue Information Bulletin No. 07-016 that can be accessed from the department’s web site at <http://www.revenue.louisiana.gov/forms/laws/policies/RIB07016.pdf>.

Act 173 amends R.S. 47:301(14)(g)(i)(bb) relative to the sales tax exclusion on repair services rendered in Louisiana when the repaired property is delivered to customers outside the state. This exclusion continues to be mandated to apply to state sales taxes on repair transactions, and continues to be optional and allowable at the discretion of local sales tax authorities in 63 of the state’s 64 parishes. Act 173 provides, however, that the exclusion will apply to tax levies in parishes with populations between 21,300 and 21,450 according to the most recent federal decennial census. According to the 2000 federal census, the only parish in that population range is East Feliciana.

The third provision is the enactment of R.S. 47:337.10(L) to permit, but not require, tax authorities in parishes with populations between 45,000 and 48,250, according to the

most recent federal decennial census, to conduct sales tax holidays at the same time and in the same manner as the state sales tax holiday authorized by Senate Bill No. 3 of the 2007 regular session of the Legislature, or by any other Act of the 2007 regular session or any other session that provides for annual sales tax holidays. According to the 2000 federal census, the only parish within this population range is St. Charles.

Questions concerning changes related to state sales and use taxes can be directed to the department's Taxpayer Services Division at (225) 219-7356. Questions concerning changes affecting local sales and use taxes should be directed to the appropriate local sales tax collection agencies.

Cynthia Bridges
Secretary

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