

Revenue Information Bulletin No. 14-010

May 21, 2014
Sales and Use Tax

**2014 Annual State Sales Tax Holiday for Purchases of
Hurricane-Preparedness Items Scheduled for May 24 and 25**

The 2014 state sales tax holiday for the purchase of hurricane preparedness items and supplies will begin at 12:01 a.m. on Saturday, May 24 and will end at 11:59 p.m. on Sunday, May 25. This sales tax holiday applies only to state sales taxes as provided by La. R.S. 47:305.58.

Purchases Eligible for Exemption

During the two-day annual state sales tax holiday, tax-free purchases are authorized on the first \$1,500 of the sales price of the following items:

- any portable self-powered light source, including candles, flashlights and other articles of property designed to provide light;
- any portable self-powered radio, two-way radio, or weather band radio;
- any tarpaulin or other flexible waterproof sheeting;
- any ground anchor system or tie-down kit;
- any gas or diesel fuel tank;
- any package of AAA-cell, AA-cell, C-cell, D-cell, 6 volt, or 9-volt batteries, excluding automobile and boat batteries;
- any cell phone battery and any cell phone charger;
- any nonelectric food storage cooler;
- any portable generator used to provide light or communications or preserve food in the event of a power outage;
- any storm shutter device¹;
- any carbon monoxide detector; and
- any reusable freezer pack such as "blue ice."

¹ Louisiana Revised Statute 47:305.58(A)(2)(a)(x) provides that a storm shutter device includes materials and products manufactured, rated, and marketed specifically for the purposes of preventing window damage. See also La. R.S. 47:301(10)(eee)(i-iii) and 301(18)(o).

Purchases That Are Not Eligible for the Exemption

The state sales tax exemption is inapplicable to sales of hurricane preparedness items or supplies sold by vendors located at any airport, public lodging establishment or hotel, convenience store, or entertainment complex. These terms are defined in LAC 61:I.4423 to mean:

- “Airport” means and includes “any area of land or water, except a restricted landing area, which is designed for the landing and takeoff of aircraft, whether or not facilities are provided for the sheltering, servicing, or repairing of aircraft or for receiving or discharging passengers or cargo; all appurtenant areas used or suitable for airport buildings or other airport facilities; and all appurtenant rights of way including easements through or other interests in air space over land or water and other protection privileges, the acquisition or control of which is necessary to insure safe approaches to the landing areas and efficient operation thereof.”
- “Hotel,” means and includes “any establishment engaged in the business of furnishing sleeping rooms, cottages, or cabins to transient guests, where such establishment consists of six or more sleeping rooms, cottages, or cabins at a single business location.” The term “public lodging establishment” is interpreted to include other businesses that offer lodging to transient guests for compensation, including “bed and breakfast” businesses.
- “Convenience stores”² are retail businesses that are smaller in square footage than full-line grocery stores, discount stores, department stores, or pharmacies, and that place primary emphasis on providing the public convenient locations from which to quickly purchase from limited lines of consumable products. In order to be considered a “convenience store,” sales must consist primarily of motor fuel and lubricants; snack foods, including sandwiches, hot dogs, candy, nuts, and chips beer; liquor; wine; tobacco products; soft drinks; fishing baits; newspapers; and magazines, and the sales of the business must be sufficiently diversified within these product lines so that the businesses is not classified as a specialty retailer such as a liquor store, sandwich shop, newsstand, or tobacco shop.
- “Entertainment complex” includes a premise that is a site for the performance of musical, theatrical, or other entertainment; country clubs; tennis clubs; swimming clubs; bowling establishments; skating rinks; movie theatres; amusement parks; zoos; or similar entertainment oriented businesses.

Tax Holiday Applies to State Taxes Only

Louisiana Revised Statute 47:305.58 provides that the sales tax holiday applies only to the state sales tax, currently levied at the rate of 4 percent of the sales price of most items of tangible personal property. It is not applicable to local sales tax as provided in La. R.S.47:337.8(B)(1).

Conditions for Exemption

The following activities will be eligible for the sales tax exemption during the two days of the annual sales tax holiday:

² Per LAC 61:I.44423(B), “Convenience stores” typically have the following characteristics:

- i. inside sales areas that are less than 5,000 sq. ft.;
- ii. off-street parking and/or convenient pedestrian access; and
- iii. extended hours of operation with many open 24 hours, seven days a week.

- buying and accepting delivery of tangible personal property;
- placing tangible personal property on layaway; and
- making final payment on tangible personal property previously placed on layaway; or ordering tangible personal property for immediate delivery, even if delivery must be delayed, provided that the customer has not requested delayed shipment.

Special Provisions

Louisiana Revised Statute 47:305.58 also provides:

- The exemption is allowed on both inputs to and withdrawals from layaway.
- Purchases during the holiday with “rain checks” issued before the two-day holiday are eligible for exemption, but purchases after the holiday with “rain checks” issued during the holiday are not eligible for exemption.
- Orders for immediate shipment are eligible for exemption even if the shipment is after the holiday, provided that the customer does not request delayed shipment.
- The post-holiday exchange of merchandise to effectuate changes in size, color, or correction of defects does not create a tax liability, but exchanges after the holiday for dissimilar items will be considered the purchase of new property on which the sales tax will be payable.
- For a 60-day period after the holiday, dealers who issue refund or credit for the return of merchandise that was eligible for sales tax exemption during the holiday can issue refund or credit for the state sales tax on that returned merchandise only if the customers returning the property have receipts showing that the tax was actually paid on the original purchases, or the dealers are otherwise able to document that the state sales tax was paid on the original purchases.

Cash Register Reprogramming Credit

Act 386 of the 1990 Regular Session of the Louisiana Legislature provides that dealers who incur costs to reprogram cash registers, including computer programming, as a result of a change in the state sales and use tax rate or base shall be allowed credits on their sales tax returns of up to \$25 for each cash register reprogrammed. Dealers are allowed to claim credit only for reprogramming costs invoiced to them by external providers of services, but not for internal reprogramming services rendered within their businesses by such internal persons as owners, officers, partners, or employees.

Dealers whose point-of-sale cash registers are controlled from host computers can deduct the costs invoiced by external service providers to reprogram tax rate or base information in those computers, not to exceed \$25 times the number of cash registers controlled from the host computers. For example, a dealer or merchant whose host computer controls 20 point-of-sale cash registers can claim credit for up to \$500 in charges for reprogramming services associated with a change in the state sales tax rate or base.

Dealers who do not use point-of-sale cash registers, but who instead issue printed or electronic invoices on which the invoiced tax amounts are determined from tax rate or base information housed in their computers, can deduct up to \$25 in external reprogramming costs for each computer that must be reprogrammed because

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of a change in the state sales tax rate or base. The credit is deductible on Line 12A of the state sales and use tax return (R-1029). Copies of invoices from external service providers must be attached to the tax return to support the amount of credit claimed. More detailed information about the reprogramming credit is available from [Revenue Information Bulletin No. 03-009](#), which may be accessed on the Department of Revenue's website.

Return Filing Procedures

Retailers should report exempt sales on Line 24 of the state sales and use tax return (R-1029).

For more information, please contact the Policy Services Division at Policy.Publications@La.gov.

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Secretary