



**Revenue Ruling
No. 01- 009
October 8, 2001
Sales and Use Tax**

**Private Nonprofit Corporation Leasing Hospital Service District Facilities not
Entitled to Sales Tax Exemption on Purchases as Governmental Entity**

The purpose of this Revenue Ruling is to discuss the state sales and use taxability of purchases made by a private nonprofit corporation that leases hospital buildings, improvements, appurtenances, furnishings, fixtures, equipment, and supplies from a public hospital service district, and that will operate the hospital for the period of time specified in the lease agreement with the hospital service district.

The hospital service district, the lessor, is created by the parish governing authority under the authority of Louisiana Revised Statute Title 46, Section 1051 *et seq.* While the hospital service district itself, as a public entity, is excluded from the definition of “person”, and thus from the payment of sales and use tax, by La. R.S. 47:301(8)(c), the exclusion under La. R.S. 47:301(8)(c) is limited to “this state, any parish, city and parish, municipality, district, or other political subdivision thereof, or any agency, board, commission, or instrumentality of this state or its political subdivisions.” Because a private nonprofit corporation is not classified under any of the groups listed in La. R.S. 47:301(8)(c), it is not eligible for exclusion from the payment of sales and use tax, nor does it enjoy an exclusion by virtue of its operation of a hospital that the corporation has leased from a public entity. Accordingly, purchases by the private nonprofit corporation are subject to the state sales or use tax.

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