"Nonemergency Rulemaking." A posted notice confirms that the statutory hearing requirements have been met and that the hearing will be held. If no notice appears, a public hearing will not be conducted.

In accordance with the Americans with Disabilities Act, should individuals with a disability need an accommodation in order to participate, contact Morgan Newton by email at LDRadarequests@la.gov.

Jarrod J. Coniglio
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES
RULE TITLE: Louisiana Fortified Roof Tax Credit Program and Construction Code Retrofitting Deduction

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

The proposed amendment is not anticipated to result in material costs or cost savings to the Department of Revenue (LDR) or to other state or local governmental units.

The proposed amendment to LAC 61: I.1935 Louisiana Fortified Roof Tax Credit and LAC 61: I.1937 Construction Code Retrofitting Deduction repeals the preliminary evaluation report requirement. Previously, homeowners had to obtain and submit initial fortified home assessments before qualifying for these incentives. The amendment only removes preliminary evaluation requirements. All other eligibility, documentation, and installation standards remain the same, including a final IBHS certification confirming that the roof was installed in compliance with the IBHS FORTIFIED Roof standards.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

To the extent that no longer requiring a preliminary fortified home evaluation report increases utilization in the program, the proposed rule amendment may result in an indeterminable decrease in SGF revenue collections. However, there is no basis for estimating the potential increase in program participation due to the reduction in documentation requirements and associated costs for the preliminary evaluation reports. While the proposed amendment removes the documentation requirement, it does not change the statutory credit or deduction amounts.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NONGOVERNMENTAL GROUPS (Summary)

The proposed rule is expected to provide a modest benefit to taxpayers seeking the Louisiana Fortified Roof Tax Credit or the Construction Code Retroffiting Deduction by reducing the compliance costs and administrative burden, as the amendment eliminates the requirement to obtain a preliminary fortified home evaluation report. Businesses and independent contractors that provide preliminary evaluation reports may expect a decrease in demand for their services. However, the department does not have sufficient data to estimate the economic impact of cost savings to the taxpayers from this action.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

No material impact on competition or employment is anticipated from this proposed rule change.

Brandea Averett	Alan M. Boxberger
Deputy Secretary	Legislative Fiscal Officer
2607#009	Legislative Fiscal Office

NOTICE OF INTENT

Department of Revenue
Tax Policy and Planning Division

Payment of Sales and Use Taxes by Persons Constructing, Renovating, or Altering Immovable Property
(LAC 61:I.4372)

Under the authority of R.S. 47:1511, and in accordance with the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Tax Policy and Planning Division, gives notice that rulemaking procedures have been initiated to amend LAC 61.I.4372, Payment of Sales and Use Taxes by Persons Constructing, Renovating, or Altering Immovable Property. This proposed Rule is written in plain language in an effort to increase transparency.

The purpose of the amendments is to provide additional clarification regarding when immovable property contractors are required to collect and remit sales and use tax when constructing, renovating, or altering immovable property. The proposed amendments provide that when sales tax is collected by the immovable property contractor and remitted to the department, there is a legal presumption that the parties intended there to be a sale of tangible personal property and that collection from the customer was proper. The proposed amendments also establish requirements to overcome that presumption. These amendments are needed because the current version of LAC 61:I.4372 has resulted in disputes over who is responsible for collecting and remitting sales and use tax for materials incorporated into immovable property, particularly in the oil and gas industry. These disputes have occasionally resulted in no tax being paid to the state on transactions that the Louisiana Legislature has deemed taxable.

Title 61
REVENUE AND TAXATION
Part I. Taxes Collected and Administered by the Secretary of Revenue
Chapter 43. Sales and Use Tax
§4372. Payment of Sales and Use Taxes by Persons Constructing, Renovating, or Altering Immovable Property

A. - B. …

C. Except as provided in Subsection D of this Section, sales of tangible personal property, including materials, supplies, and equipment, made to contractors, or their contractors, subcontractors, or agents, for use in the construction, alteration, or repair of immovable property are presumed to be sales to consumers or users, not sales for resale, and therefore the contractor is liable for the taxes imposed by this Chapter on the contractor's purchases or importations of such tangible personal property.

1. Examples

a. Customer hires a contractor to provide services related to immovable property (such as inspection, installation or repairs to immovable property or hydraulic fracturing services and/or other down-hole services). Contractor did not pay sales tax on its purchase of the materials, supplies and equipment used to perform the immovable property services. Contractor does not collect sales tax on these immovable property services, or the materials, supplies and equipment used to provide the services from the customer. Under Subsection C, contractor is presumed to be the consumer or end user of the materials, supplies and equipment used in providing the immovable property services and is the party responsible for the payment of sales and use tax.

b. Customer hires a contractor to provide services related to immovable property (such as inspection, installation or repairs to immovable property or hydraulic fracturing services and/or other down-hole services). Contractor paid sales tax on its purchase of the materials, supplies and equipment used to perform the immovable property services. Contractor does not collect sales tax on these immovable property services or the materials, supplies and equipment used to provide the immovable property services to the customer. Under Subsection C, contractor is presumed to be the consumer or end user of the materials, supplies and equipment used in providing the immovable property services and is the party responsible for the payment of sales and use tax, which Contractor has in fact already paid.

D. In the event the contractor, subcontractor, or agent has collected sales tax from its customer to be remitted to the secretary, such collection shall create a presumption that the parties intended title and/or possession of itemized articles of tangible personal property to be transferred to the customer prior to their being made immovable. To overcome this presumption, the customer must present credible evidence that such collection was in error and was contrary to the true intent of the parties. Such credible evidence shall include a writing signed by the contractor stating that title and/or possession of itemized articles of tangible personal property were transferred to the customer after their being made immovable.

1. Examples

a. Customer hires a contractor to provide services related to immovable property (such as inspection, installation or repairs to immovable property or hydraulic fracturing services and/or other down-hole services). Contractor did not pay sales tax on its purchase of the materials, supplies and equipment used to perform the immovable property services. Contractor separately invoices the materials, supplies and equipment used to perform the immovable property services and collects sales tax from the customer on those transactions. Under Subsection D, there is a presumption that contractor transferred the materials, supplies and equipment to the customer prior to their being made immovable, and the taxes were correctly collected from the customer and remitted to the state.

b. Customer hires a contractor to provide services related to immovable property (such as inspection, installation or repairs to immovable property or hydraulic fracturing services and/or other down-hole services). Contractor did not pay sales tax on their purchase of the materials, supplies and equipment used to perform the immovable property services. Contractor separately invoices the materials, supplies and equipment used to perform the immovable property services and collects sales tax from the customer on those transactions. Under Subsection D, there is a presumption that contractor transferred the materials, supplies and equipment to the customer prior to their being made immovable, and the taxes were properly collected from the customer and remitted to the state. However, there is a written contract signed by the contractor and the customer that provides that the contractor bears the risk of loss for the materials, supplies and equipment until they become part of the immovable property and that title will not transfer until they become part of the immovable property. The written contract is credible evidence sufficient to rebut the presumption, and the contractor would be responsible for the payment of sales and/-or use tax. In this case, the customer would be entitled to a refund of the sales tax paid to the contractor.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 38:1995 (August 2012), amended by the Department of Revenue, Tax Policy and Planning Division, LR 52:

Family Impact Statement

The proposed adoption of this Rule should have no known or foreseeable impact on any family as defined by R.S. 49:972(D) or on family formation, stability and autonomy. Specifically, the implementation of these proposed Rules will have no known or foreseeable effect on:

1. the stability of the family.
2. the authority and rights of parents regarding the education and supervision of their children.
3. the functioning of the family.
4. family earnings and family budget.
5. the behavior and personal responsibility of children.
6. the ability of the family or a local government to perform this function.

Poverty Impact Statement

The proposed Rule will have no known impact on poverty as described in R.S. 49:973.

Small Business Analysis

The proposed Rule has no known measurable impact on small businesses as described in R.S. 49:974.4.

Provider Impact Statement

The proposed Rule will have no known or foreseeable effect on:

1. the staffing level requirements or qualifications required to provide the same level of service.
2. the total direct and indirect effect on the cost to the provider to provide the same level of service.
3. the overall effect on the ability of the provider to provide the same level of service.

Public Comments

Interested persons may submit written data, views, arguments, or comments regarding this proposed Rule to Spencer Knudsen, Tax Policy and Planning Division by mail to P.O. Box 44098, Baton Rouge, LA 70804-4098. Written comments will be accepted until 4:30 p.m., August 10, 2026.

Public Hearing

Interested persons may submit a written request for a public hearing no later than August 10, 2026, at 4:30 p.m. Requests may be submitted via email to spencer.knudsen@la.gov and reference immovable contractor regulations. Pursuant to R.S. 49:961(B)(1), a public hearing will be held only if the statutory requirements are satisfied. If those requirements are met, the hearing will take place on Wednesday, September 2, 2026, at 10:30 a.m. in the River Room, located on the seventh floor of the LaSalle Building, 617 North Third Street, Baton

Rouge, LA 70802, to receive oral and written comments from interested persons. If the requirements have been met and a public hearing will be held, notice of the hearing will be posted under the respective rule topic on the Department's website at https://revenue.louisiana.gov/tax-policy/rules-regulations, under "Types," then "Nonemergency Rulemaking." A posted notice confirms that the statutory hearing requirements have been met and that the hearing will be held. If no notice appears, a public hearing will not be conducted. In accordance with the Americans with Disabilities Act, should individuals with a disability need an accommodation in order to participate, contact Spencer Knudsen by email at LDRadarequests@la.gov or by phone at (225) 219-2848.

Jarrod J. Coniglio
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES
RULE TITLE: Payment of Sales and Use Taxes by Persons Constructing, Renovating, or Altering Immovable Property

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

The proposed amendment is not anticipated to result in material costs or cost savings to state or local governmental units. The Louisiana Department of Revenue (LDR) may incur minimal workload increases associated with taxpayer education and answering inquiries related to the rule change, but such duties are consistent with existing department functions and are anticipated to be absorbed within LDR's current budget allocation. This rule does not create a new tax base but clarifies the collection responsibility and is anticipated to reduce disputes.

The proposed rule clarifies who must pay Louisiana sales and use tax on materials used in the construction, renovation, or repair of immovable property. Generally, the contractor is presumed to be the consumer of the materials, and hence, is responsible for the sales and use tax. If the contractor separately charges the customer for materials and collects sales and use tax, it is presumed that the contractor sold tangible personal property to the consumer prior to incorporation into the immovable, and tax was properly collected. The rule amendment aims to reduce disputes and prevent situations where no tax is paid.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule amendment is anticipated to have minimal to no effect on revenue collections of state or local government units. The rule does not create or expand the sales tax base, but it may improve compliance, thereby reducing disputes that could otherwise result in no taxes being paid. Any increase in revenue collections is expected to be indeterminable but not significant.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NONGOVERNMENTAL GROUPS (Summary)

The proposed action directly affects contractors, subcontractors, and customers involved in the construction, renovation, or repair of immovable property by clarifying existing sales and use tax responsibilities. Because the proposed amendment does not create new tax obligations but rather clarifies existing responsibilities, it is not expected to impose new costs on affected persons, small businesses, or non-governmental groups.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

Brandea Averett	Patrice Thomas
Deputy Secretary	Deputy Fiscal Officer
2607#048	Legislative Fiscal Office

NOTICE OF INTENT

Department of Revenue
Tax Policy and Planning Division

Qualifying Purchases for Public Construction Projects by Contractors and Subcontractors (LAC 61:I.4412)

Under the authority of R.S. 47:305.7 and 1511 and in accordance with the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, through this Notice of Intent, proposes to adopt regulations to define qualifying purchases made by contractors and subcontractors in connection with public construction projects.

R.S. 47:305.7(A)(1)(b) exempts from state and local sales and use tax certain purchases of materials and other qualifying items made by contractors and subcontractors when those purchases are used to perform public construction contracts awarded by the state or its political subdivisions, including their agencies, boards, and commissions. This regulation clarifies which purchases qualify and establishes consistent standards for applying and administering the exemption.

The department drafted the proposed Rule using plain language principles to promote clarity and accessibility for all users. It has also been reviewed and tested for compliance with applicable web accessibility standards.

Title 61
REVENUE AND TAXATION
Part I. Taxes Collected and Administered by the Secretary of Revenue
Chapter 44. Sales and Use Tax Exemptions
§4412. Qualifying Purchases for Public Construction Projects by Contractors or Subcontractors

A. R.S. 47:305.7(A)(1)(b) establishes a state and local sales and use tax exemption for contractors and subcontractors when they make qualifying purchases for public construction contracts.

B. Definitions. For purposes of this Section the following words shall mean:

Public Construction Contracts—construction contracts for public projects awarded by the state or any of its political subdivisions, including agencies, boards, commissions, or instrumentalities thereof.

C. Qualifying Purchases. Purchases qualify for the tax exemption if they meet the following conditions:

1. For tangible personal property

a. The property is:

i. purchased for direct and exclusive use in performing the public construction contract;

ii. permanently incorporated into the structure so that it becomes part of the immovable property; and

iii. ultimately owned by the public entity (Examples: nails, drywall, HVAC systems, and concrete).