



# STATE OF LOUISIANA TAX EXEMPTION BUDGET

2017 - 2018

**LOUISIANA**  
DEPARTMENT *of* REVENUE

R-1005 (2/18)

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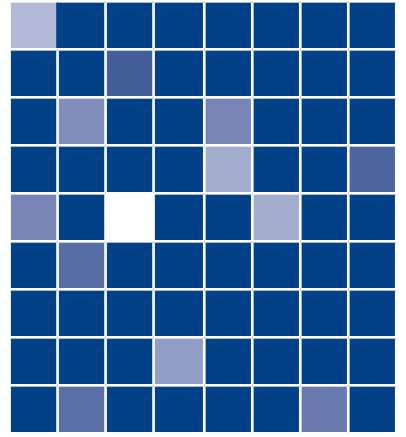
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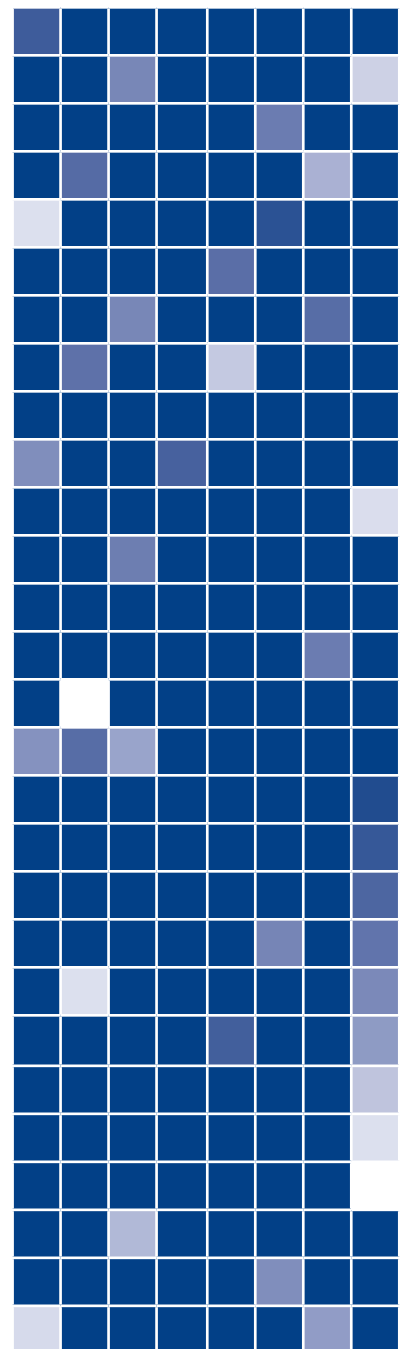
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# Introduction

## Part 1





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# Introduction

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Louisiana's state government relies on tax revenues to fund valuable services for its citizens. Ensuring that the system of taxation is fair, equitable, and efficient is vital to our economic success and quality of life. In setting tax policies, we must consider the taxpayer's ability to pay, the impact of those policies on economic development, and the interaction of tax policies with other policy goals.

Tax exemptions are an important component of Louisiana's tax policies. According to RS 47:1517(E), tax exemptions refer to "those revenue losses attributable to provisions of the state tax statutes or rules promulgated pursuant to such statutes, which allow a special exclusion, exemption, or deduction from gross income or sales or which provide a special credit, a preferential rate of tax, or a deferral of tax liability." Granting a tax exemption can be a powerful tool for providing economic development incentives or for mitigating the regressive qualities of certain tax types. However, tax exemptions always come with a cost. Exemptions reduce revenues otherwise available for programs or for tax relief for taxpayers who do not benefit from the exemptions. Therefore, it is critical that policy makers understand both the cost of exemptions and their effectiveness at achieving their intended goals.

Recognizing the need for this information, the Legislature mandated in Section 1517 of Title 47 of the Louisiana Revised Statutes ("R.S.") that the Louisiana Department of Revenue ("Department of Revenue") prepare and submit to the Governor and the Legislature an annual tax exemption budget. In addition, the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs are required to conduct hearings on the tax exemption budget every odd-numbered year. These Committees analyze and consider tax exemptions which have caused revenue loss to the state of ten million dollars or more in any one of the last three fiscal years. These Committees may also report to the Legislature findings or recommendations developed as a result of the hearings.

## Statutory Requirements

According to LA R.S. 47:1517(B) the tax exemption budget must include the following information pertaining to the state's tax exemptions:

1. Listing of each tax exemption
2. Statutory citation
3. Purpose
4. Estimate of revenue loss to the state for the three preceding years
5. Estimate of revenue loss to the state for the current fiscal year
6. Estimate of revenue loss to the state for the ensuing fiscal year

7. Estimated cost of administering and implementing each tax exemption for the three preceding fiscal years, the current fiscal year, and the ensuing fiscal year
8. Schedule listing all tax exemptions by categories

In addition, LA R.S. 47:1517(C) requires that the annual tax exemption budget include an assessment of each tax exemption based on the following criteria:

1. Whether or not each tax exemption has been successful in meeting the purpose for which it was enacted, in particular, whether each tax exemption benefits those originally intended to be benefited, and if not, those who do benefit
2. Whether each tax exemption is the most fiscally effective means of achieving its purpose
3. Unintended or inadvertent effects, benefits, or harm caused by each tax exemption, including whether each tax exemption conflicts with other state laws or regulations
4. Whether each tax exemption simplifies or complicates the state tax statutes

## Contents of the Report

Part 1, the Introduction, provides a general description of the statutory requirements for the Department of Revenue to prepare an annual tax exemption budget.

Part 2, the Overview, provides further explanation of the purpose of the tax exemption budget, methodology for measuring the fiscal effect of tax exemptions, reliability and source data of estimates, and terminology used to describe the fiscal effect of a tax exemption.

Part 3, the Executive Summary, provides graphical representations of state revenue losses related to Fiscal Year 2016 - 2017 by major tax type.

Part 4, the Five-Year Estimate of Revenue Loss, is a listing of each tax exemption by major tax type and the state revenue losses for the three preceding years, the current year, and the ensuing year.

Part 5, the Tax Exemptions by Classification Five-Year Estimated Revenue Loss, is a listing of each tax exemption by category and the state revenue losses for the three preceding years, the current year, and the ensuing year. The tax exemptions are listed by tax type within each category and the numbers correspond to their placement in the Listing of Exemptions.

Part 6, the Listing of Exemptions, is arranged alphabetically by major tax type and provides general information regarding each tax exemption. Each section contains a discussion of the major tax type, the legal citations, the tax base, the tax rate, and any significant changes to the im-

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# Introduction

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sition or administration of the tax exemption. In addition, an index of each tax exemption, the legal citation, and the page number is provided to aid the reader.

Part 7, Appendix, provides a copy of Louisiana Revised Statute 47:1517.

Part 8, Glossary, provides definitions for terms used in the tax exemption budget.

## **Data Limitations of the Tax Exemption Budget**

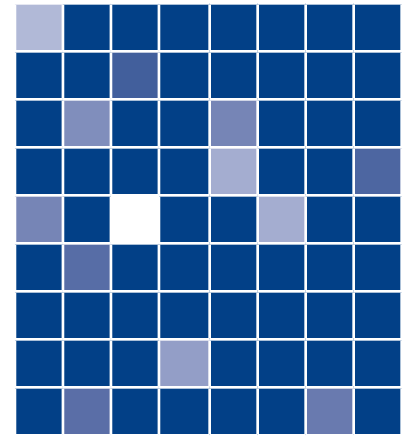
The Department of Revenue is able to provide all of the required information for the annual tax exemption budget except for the following:

1. The cost of administering and implementing each tax exemption.
2. A determination of whether each tax exemption has been successful in meeting the purpose for which it was enacted and whether it benefits those originally intended to be benefited.
3. A determination of whether each tax exemption is the most fiscally effective means of achieving its purpose.
4. A determination of unintended or inadvertent effects, benefits, or harm caused by each tax exemption.
5. A determination of whether each tax exemption simplifies or complicates the state tax statutes.

Currently, the Department of Revenue does not capture the data required to offer an opinion on the information above. The lack of historical data for specific exemptions, both financial and statistical in nature, limits the Department's ability to make a determination with any significant confidence about its degree of accuracy. The Department of Revenue does not have historical data on many exemptions, for the following reasons:

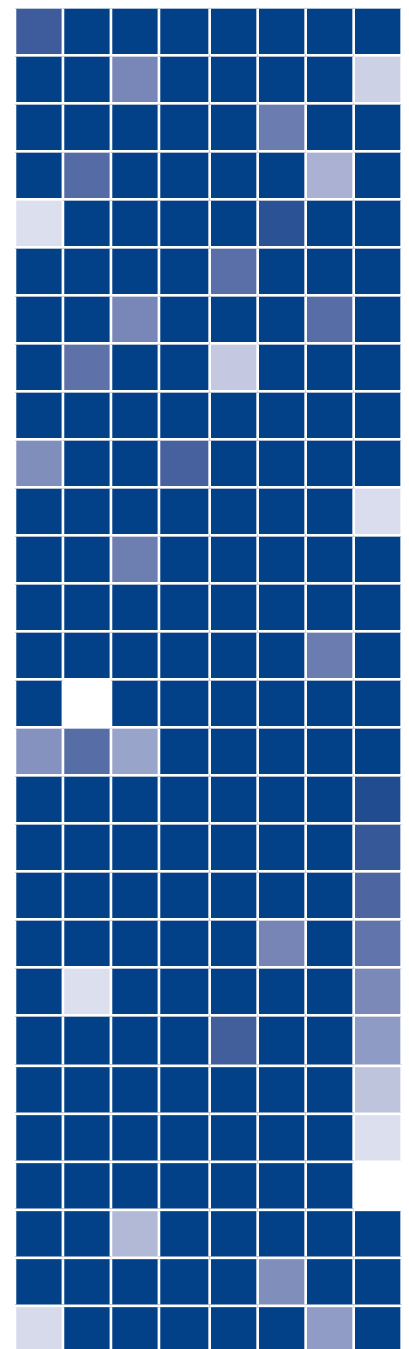
1. Data on most exemptions was not captured separately on individual income tax returns prior to tax year 2005 and on corporation income and franchise tax returns prior to tax year 2006. The corporation income and franchise tax return data is further limited because the Department started capturing data on most deductions with electronically filed returns only for tax year 2015, and on exemptions for tax year 2017.
2. Prior to the sales tax return for April 2016, most sales tax exemptions were reported on a single line and previously reported as "other exemptions" in the TEB.





# Overview

## Part 2





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# Overview

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## The Purpose of the Tax Exemption Budget

Louisiana's governmental policy objectives are achieved through direct spending programs and through tax exemptions which reduce actual tax collection revenues. Similar to direct spending programs, tax exemptions are designed to encourage certain activities or to provide financial assistance to persons, businesses, or groups in particular situations. The purpose of this report is to provide information to facilitate a regular, comprehensive legislative review of tax exemptions.

## Measurements of Tax Exemptions

The fiscal impacts of tax exemptions are often difficult to measure, and estimates of the effect of tax exemptions are subject to limitations and require that assumptions be made. Generally, in calculating the state revenue loss related to a tax exemption, it is assumed that only the provision in question is changed and that all other aspects of the tax system remain the same.

Consistent with accepted revenue estimating practices, the estimates also assume that economic variables, taxpayer behavior and other factors would be unaffected by the repeal of a tax exemption. As a result, the calculations did not consider any side effects that could result from the removal of any other tax exemption.

In addition, the estimates are limited to the accuracy and completeness of the source data. In some cases, little data is available and estimates were made using external sources or indirect information. Specifically, the following two scenarios are highlighted as areas of potential understatement of estimates in the tax exemption budget:

- Revenue losses associated with nonrefundable individual income tax, corporation income tax, and corporation franchise tax credits, including nonrefundable credits reported in the tax incentive and exemption contracts section have been limited to the tax liability reported.
- Revenue losses associated with transferable tax credits, such as the Motion Picture Investor Tax Credit and the credit for the Rehabilitation of Historic Structures are reported only for those claimed as credits on a tax return or that were sold directly to the state. In addition, revenue loss associated with the use of transferable tax credits as payments for outstanding liabilities is only reported if the tax credit is in the Tax Credit Registry under R.S. 47:1524.

Due to changes made to income tax deductions and credits in the 2015 Regular Session and the First and Second Extraordinary Sessions of 2016 that impacted returns received on or after July 1, 2015 and July 1, 2016, the normal pattern of when taxpayers filed their returns was af-

ected. Many taxpayers that traditionally file on extension in the fall filed their returns before July 1, 2015 in order to not be subject to the legislative changes. This effect can be seen in the revenue loss reported for Fiscal Year Ending (FYE) 6-15 and FYE 6-16.

## Reliability of Data Sources

The precision of the fiscal effect of the tax exemptions reported in this document varies with the source of the data and the applicability of the data to the specific tax exemption provision. Regardless of the data source, the reliability of estimates for the current and ensuing years is of distinctly lower quality than that of the historical numbers.

Whenever possible, data from actual tax returns is used to estimate the fiscal effect of a tax exemption. Other sources of data include informational reports filed with the Department of Revenue, LDR's Summary of Refunds and Rebates Issued Report, and information gathered from Office of Motor Vehicles, Department of Economic Development (LED), Department of Education and Department of Culture, Recreation & Tourism.

For purposes of this report, the following terminology is used to describe the fiscal effect for tax exemptions with the following situations:

*Negligible* – state revenue loss is estimated at \$10,000 or less.

*No data* – historical data was not available to estimate the state revenue loss.

*Unable to anticipate* – source data was not available to predict the future state revenue loss.

*\*\*\** – tax exemption was not in effect for tax periods that would be filed during the fiscal year.

*NRR* – source data was not available because there is no reporting requirement for the data. Generally, this is the case for income tax and corporation franchise tax exemptions, since many of the corporations are not required to file tax returns.

*See number (x)* – used in the sales tax listing to indicate that the fiscal effect for a tax exemption is included with the fiscal effect of the referenced exemption/exclusion. Generally, this applies to those tax exemptions that have been superseded by an exclusion or grouped with a like item.

## Reliability of Sales Tax Return Reporting

Prior to the April 2016 filing period, the majority of sales tax exemptions were reported in aggregate under the description "All other transactions subject to 1%" or the description "Other totally-exempt sales." Effective for the April 2016 filing period, the Form R-1029 was revised to include over 160 codes to specifically identify each exemption. This revision was made in response to legislative re-

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# Overview

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quests for more detailed information on amounts claimed for each sales tax exemption. While this information is available to be reported for FYE 6-17, there is a risk that taxpayers have erroneously classified exempt transactions. Consequently, classification errors for sales tax revenue losses may be undetected and amounts erroneously reported in the Tax Exemption Budget document.

## **Explanation of Certain Reporting Disclosures in the Five-Year Revenue Loss Schedule**

*State Exemptions and Federal Exemptions* – There are several statutory tax exemptions that are also prohibited from taxation by the state constitution, federal laws, or existing reciprocal agreements. Because of these additional prohibitions, repeal of the statutory exemption would not yield the fiscal effect indicated. For this reason, these exemptions are separately grouped at the end of each major tax listing.

*Other Classifications* – In the event that a revenue loss for a new exemption is not separately stated when applicable to more than one tax, then the revenue loss is reported as such:

- When applicable to corporation income and franchise taxes, the loss is reported under corporation income taxes
- When applicable to individual income and corporation income, the loss is reported under corporation income taxes
- When applicable to individual income, corporation income and franchise taxes, the loss is reported under corporation income taxes

## **Explanation of Certain Reporting Disclosures in the Five-Year Revenue Loss Schedule – Sales Tax**

*Exemptions subject to the 1% suspended rate* – Estimation of the fiscal effect for sales tax exemptions is complicated by the suspension of exemptions beginning in 1986. Until March 31, 2016, exemptions found under R.S. 47:305 were exempt from three of the four percent general sales tax. The revenue loss for these exemptions are reported in the row labeled “Exemptions subject to 1% suspended rate” for FYE 6-15 and FYE 6-16.

*Other Exemptions* – Historically several of the sales tax exemptions were combined on one line of the sales tax return. For this reason, we were unable to calculate the separate losses for each exemption, but were able to determine the total revenue loss. As a result, the total revenue loss is shown under this heading for FYE 6-15 and FYE 6-16.

Beginning with FYE 6-17, the Department of Revenue began collecting data on all exemptions. All exemptions that are reported on the tax return are listed separately

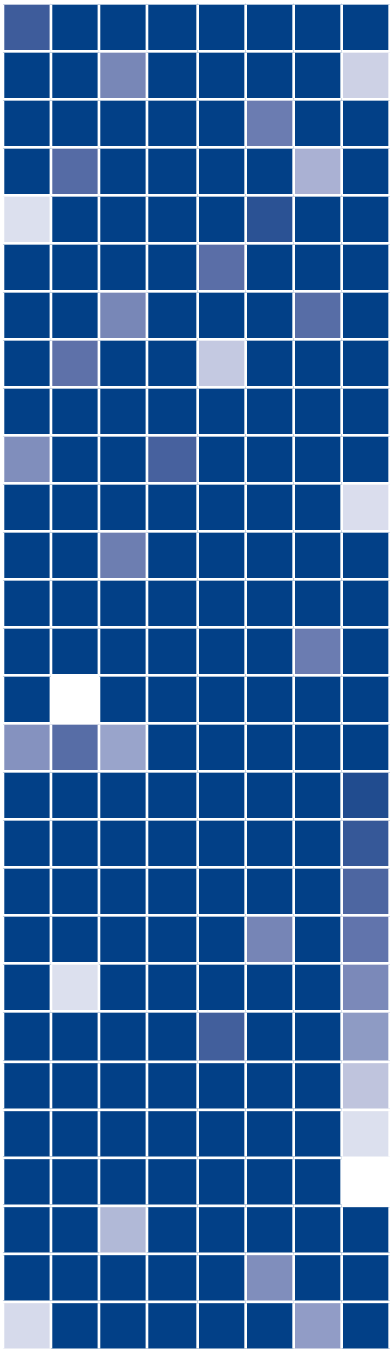
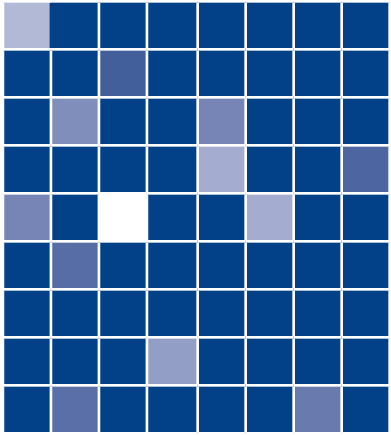
starting with FYE 6-17.

Act 25 of the 2016 First Extraordinary Legislative Session imposed the four percent state sales tax on all exemptions and exclusions not specifically listed in the Act for the period of April 1, 2016 through June 30, 2016. Beginning July 1, 2016 through June 30, 2018, Act 25 will continue to impact sales tax exclusions and exemptions through the imposition of two percent state sales tax under R.S. 47:302 except for the manufacturing machinery and equipment exclusion found under R.S. 47:301(3)(i)(i) and the business utilities of sales of steam, water, electric power, or energy, and natural gas found under R.S. 47:305(D)(1) et. al.

In addition, Act 26 of the 2016 First Extraordinary Legislative Session imposed an additional state sales tax in the amount of one percent. The new state sales tax is in addition to the sales taxes already levied pursuant to Louisiana R.S. 47:302, 321 and 331. Only those exclusions and exemptions listed in Act 26 are operable and in effect for the purpose of the imposition of the additional one percent sale tax. This additional state sales tax is in effect from April 1, 2016 until its expiration on June 30, 2018.

# Executive Summary

## Part 3

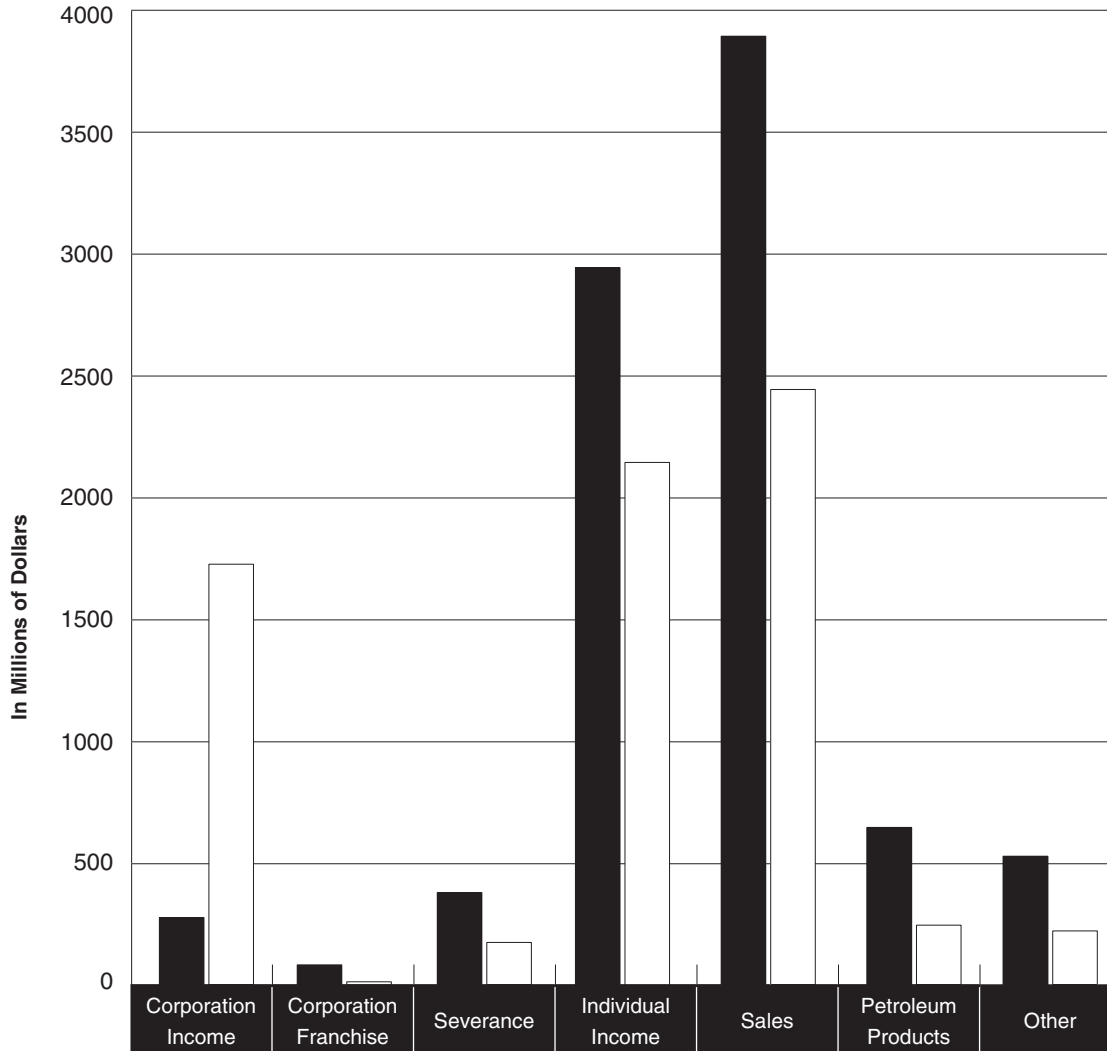








# Executive Summary

## Analysis of Tax Collections vs. Exemptions\* In Millions {FY 2016-17}

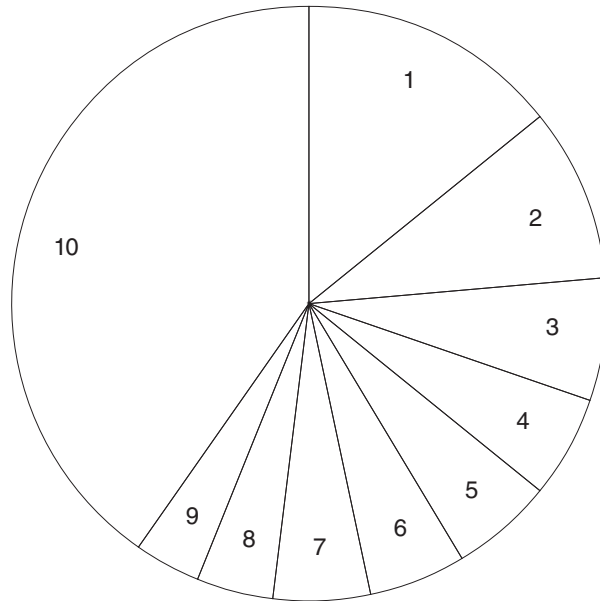


	Actual Collections	\$ 274	\$ 91	\$ 376	\$ 2,939	\$ 3,884	\$ 640	\$ 535	\$ 8,739
	Estimated Exemptions	\$ 1,719	\$ 13	\$ 161	\$ 2,141	\$ 2,439	\$ 240	\$ 204	\$ 6,917
	<b>Total Potential Collections</b>	<b>\$ 1,993</b>	<b>\$104</b>	<b>\$ 537</b>	<b>\$ 5,080</b>	<b>\$ 6,323</b>	<b>\$ 880</b>	<b>\$ 739</b>	<b>\$ 15,656</b>
	Percentage of Estimated Exemptions to Total Potential Collections	86.3%	12.5%	30.0%	42.1%	38.6%	27.3%	27.6%	44.2%

\* The revenue losses reported under tax incentive and exemption contracts have been included with their respective taxes of corporation income, sales, corporation franchise and individual income. The revenue losses for rebates under Tax Incentive are paid out of collections of income taxes and are thus included there.

# Executive Summary

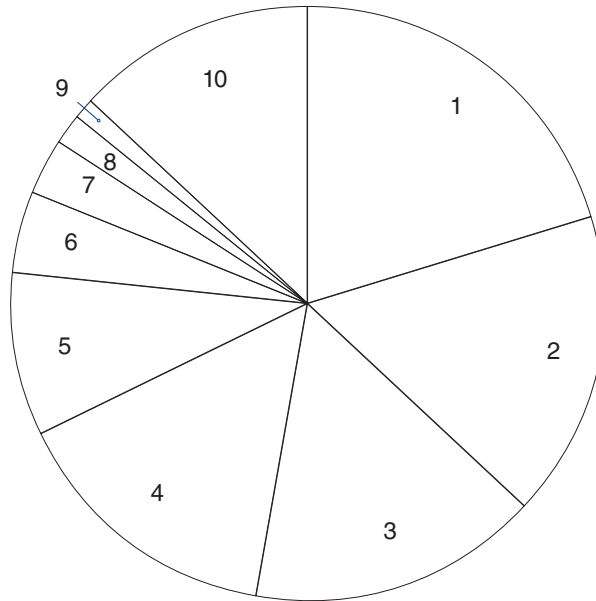
## Top Tax Exemptions 2016-17 All Taxes Administered by the Department of Revenue



<b>1</b>	Federal Income Tax Deduction (Individual and Corporation Income Tax)	\$ 1,030,863,080	14.90%
<b>2</b>	Subchapter S Corporation (Corporation Income Tax)	510,280,706	7.38%
<b>3</b>	Drugs Prescribed by Physicians or Dentists (Sales Tax)	477,543,068	6.90%
<b>4</b>	Sales of Food for Preparation and Consumption in the Home (Sales Tax)	409,881,824	5.93%
<b>5</b>	Sales of Gasoline, Gasohol, and Diesel (Sales Tax)	390,480,586	5.65%
<b>6</b>	Excess Federal Itemized Deductions (Individual Income Tax)	382,613,312	5.53%
<b>7</b>	Purchases by State and Local Governments (Sales Tax)	373,610,654	5.40%
<b>8</b>	Inventory Tax/Ad Valorem Tax (Individual and Corporation Income Tax)	312,699,545	4.52%
<b>9</b>	Personal Exemption-Standard Deduction (Individual Income Tax)	247,767,677	3.58%
<b>10</b>	All Other Exemptions (All Taxes)	2,781,614,557	40.21%
<b>Total Exemptions</b>		<b>\$ 6,917,355,009</b>	<b>100.00%</b>

# Executive Summary

## Top Tax Exemptions 2016-17 Sales Tax



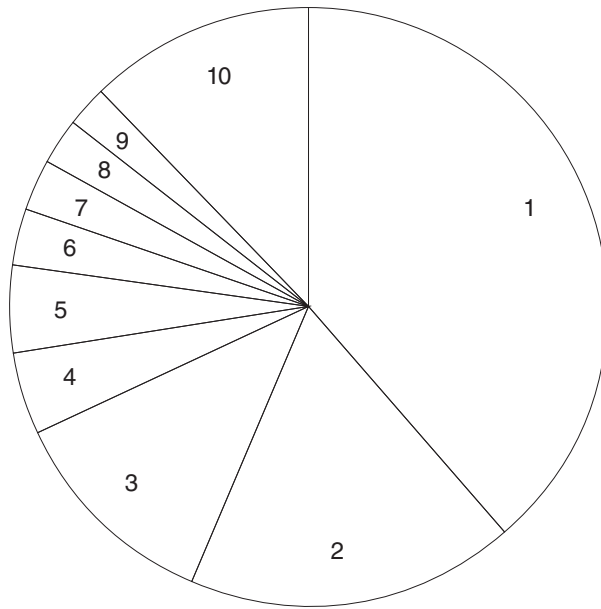
<b>1</b>	Drugs Prescribed by Physicians or Dentists	\$ 477,543,068	19.58%
<b>2</b>	Sales of Food for Preparation and Consumption in the Home	409,881,824	16.80%
<b>3</b>	Sales of Gasoline, Gasohol, and Diesel	390,480,586	16.01%
<b>4</b>	Purchases by State and Local Governments	373,610,654	15.32%
<b>5</b>	Sales of Electric Power or Energy to the Consumer for Residential Use	214,842,013	8.81%
<b>6</b>	Purchases of Manufacturing Machinery and Equipment	110,611,656	4.54%
<b>7</b>	Purchases of Automobiles for Lease or Rental	72,866,006	2.99%
<b>8</b>	Sales of Electric Power or Energy - Nonresidential	45,681,993	1.87%
<b>9</b>	Purchases Made with Food Stamps and WIC Vouchers	28,382,909	1.16%
<b>10</b>	All Other Exemptions	315,028,715	12.92%
<b>Total Exemptions</b>		<b>\$ 2,438,929,424</b>	<b>100.00%</b>

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# Executive Summary

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## Top Tax Exemptions 2016-17 Individual Income Tax

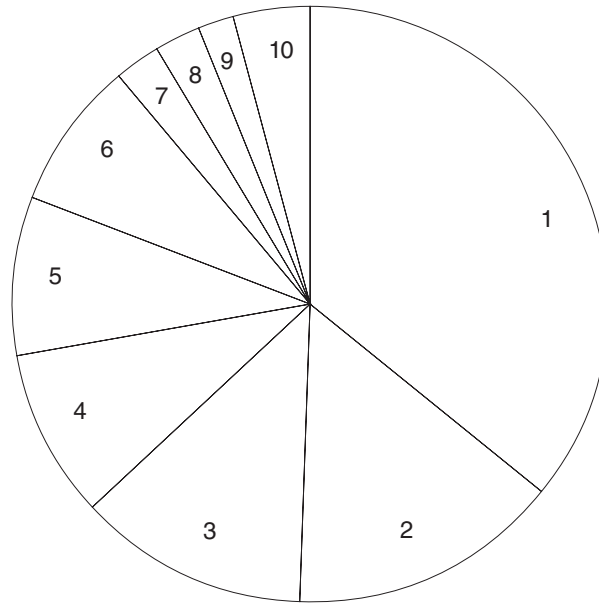


<b>1</b>	Federal Income Tax Deduction	\$ 827,550,367	38.65%
<b>2</b>	Excess Federal Itemized Deductions	382,613,312	17.87%
<b>3</b>	Personal Exemption-Standard Deduction	247,767,677	11.57%
<b>4</b>	Social Security Benefits	97,976,583	4.58%
<b>5</b>	State Employees, Teachers, and Other Retirement Benefits	97,807,390	4.57%
<b>6</b>	Net Capital Gains	70,102,237	3.27%
<b>7</b>	Rehabilitation of Historic Structures	56,978,644	2.66%
<b>8</b>	Net Income Taxes Paid to Other States	56,377,492	2.63%
<b>9</b>	Earned Income Tax Credit	47,462,414	2.22%
<b>10</b>	All Other Exemptions	256,453,764	11.98%
<b>Total Exemptions</b>		<b>\$ 2,141,089,880</b>	<b>100.00%</b>



# Executive Summary

## Top Tax Exemptions 2016-17 Corporation Income Tax



<b>1</b>	Subchapter S Corporation	\$ 510,280,706	29.68%
<b>2</b>	Inventory Tax/Ad Valorem Tax	293,055,246	17.05%
<b>3</b>	Net Louisiana Operating Loss	246,893,900	14.36%
<b>4</b>	Motion Picture Investor and Infrastructure Tax Credit	205,391,844	11.95%
<b>5</b>	Federal Income Tax Deduction	203,312,713	11.83%
<b>6</b>	Louisiana Quality Jobs Program	76,834,803	4.47%
<b>7</b>	Insurance Company Premium Tax	40,274,162	2.34%
<b>8</b>	Ad Valorem Tax on Offshore Vessels	31,655,956	1.84%
<b>9</b>	Enterprise Zones	30,191,227	1.76%
<b>10</b>	All Other Exemptions	81,101,392	4.72%
<b>Total Exemptions</b>		<b>\$ 1,718,991,949</b>	<b>100.00%</b>

# Executive Summary

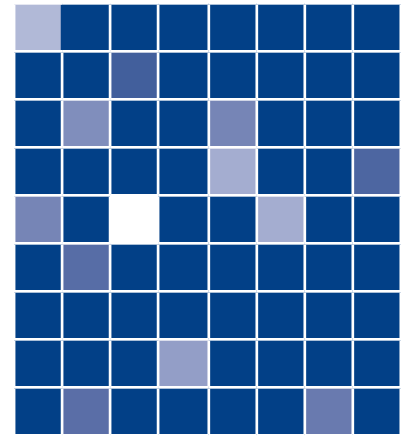
## Tax Incentives and Exemption Contracts 2016-17 By Tax Type

Exemptions <sup>1</sup>	Corporation Income	Individual Income	Sales	Corporation Franchise	Total
2. Brownfields Investor Tax Credit	\$ 0	\$ 17,652	N/A	\$ 0	\$ 17,652
6. Motion Picture Investor Tax Credit	205,391,844	441,613	N/A	N/A	205,833,457
7. Research and Development Tax Credit	1,460,044	2,455,583	N/A	1,471,287	5,386,914
8. Digital Interactive Media & Software Tax Credit	8,463,365	1,422,050	N/A	0	9,885,415
10. Louisiana Capital Companies Tax Credit Program	18,626	0	N/A	0	18,626
11. New Markets Tax Credit	945,508	513,519	N/A	0	1,459,027
13. Industrial Tax Equalization Program	166,949	227,294	\$ 12,847,463	1,287,476	14,529,182
15. Enterprise Zones	30,191,227	7,880,804	1,778,064	1,231,058	41,081,153
16. Sound Recording Investor Tax Credit	33,994	47,556	N/A	N/A	81,550
18. Mentor-Protégé Tax Credit	0	Negligible	N/A	N/A	Negligible
19. Technology Commercialization Credit Program	58,092	(1,016)	N/A	Note 2	57,076
20. Angel Investor Tax Credit Program	29,019	1,506,713	N/A	Note 2	1,535,732
21. Musical & Theatrical Productions Tax Credit	3,947,792	2,153,002	N/A	N/A	6,100,794
22. Retention and Modernization Credit	3,343,558	300,000	N/A	Note 2	3,643,558
24. Louisiana Quality Jobs Program	76,834,803	0	22,507,492	N/A	99,342,295
28. Procurement Processing Company Rebate Program	N/A	N/A	4,211,331	N/A	4,211,331
<b>Total Exemptions<sup>1</sup></b>	<b>\$330,884,821</b>	<b>\$ 16,964,770</b>	<b>\$ 41,344,350</b>	<b>\$ 3,989,821</b>	<b>\$ 393,183,762</b>

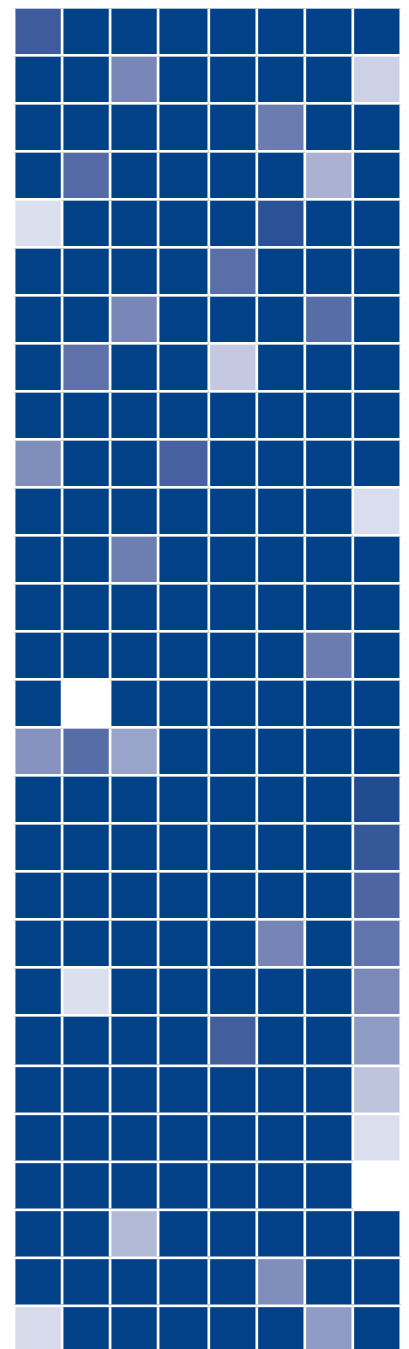
### Footnotes for Tax Incentives and Exemption Contracts 2016-17

1. Programs not included because revenue loss was \$0: Atchafalaya Trace Heritage Area Development Zone Tax Exemption, Cane River Heritage Tax Credit, Louisiana Community Economic Development, Ports of Louisiana Tax Credits, Louisiana Motion Picture Incentive Program, University Research and Development Parks, Exemptions for Manufacturing Establishments, Urban Revitalization Tax Incentive Program, Urban Revitalization Tax Incentive Program, Competitive Projects Payroll Incentive Program, Green Jobs Industries Credit, Corporate Tax Apportionment Program, and Corporate Headquarters Relocation Program.
2. The estimated revenue loss for these credits is included in the total revenue loss for corporation income tax.

# Five-Year Estimated Revenue Loss



## Part 4





## Five-Year Revenue Loss

## Summary of All Taxes

<b>Tax Type</b> (Listed in order of magnitude by FYE 6-17)	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
1. Sales Tax <sup>1</sup>	\$ 2,909,545,379	\$ 2,673,081,614	\$ 2,397,585,074	\$ 2,453,699,000	\$ 2,149,504,000
2. Income Tax - Individual <sup>2</sup>	2,191,000,136	2,129,207,192	2,124,125,110	2,148,019,000	2,194,637,000
3. Income Tax - Corporation	1,794,439,071	1,097,057,988	1,388,107,128	1,415,701,000	1,438,340,000
4. Tax Incentive and Exemption Contracts <sup>3</sup>	399,580,062	436,289,715	393,183,762	390,040,000	477,000,000
5. Petroleum Products Tax <sup>4</sup>	266,452,061	243,983,084	240,364,688	224,879,000	236,987,000
6. Tobacco Tax <sup>4</sup>	95,250,187	190,386,075	199,120,201	162,695,000	160,278,000
7. Natural Resources - Severance	379,733,938	195,956,452	160,690,814	141,806,000	139,751,000
8. Corporation Franchise Tax	18,667,939	10,224,932	9,428,783	8,033,000	8,236,000
9. Liquors - Alcoholic Beverage Taxes <sup>4</sup>	2,780,481	2,826,374	3,318,901	2,936,000	2,939,000
10. Public Utilities and Carriers Taxes <sup>5</sup>	2,831,000	1,906,620	1,404,927	1,738,000	1,738,000
11. Hazardous Waste Disposal Tax <sup>4, 5</sup>	11,420	16,564	14,024	13,000	13,000
12. Telecommunications Tax <sup>4, 5</sup>	11,356	Negligible	11,597	125,000	168,000
<b>Total Tax Revenue Loss</b>	<b>\$8,060,303,030</b>	<b>\$ 6,980,936,610</b>	<b>\$ 6,917,355,009</b>	<b>\$ 6,949,684,000</b>	<b>\$ 6,809,591,000</b>

### Footnotes for Summary of all Taxes

1. Due to the potential of taxpayer reporting errors on Form R-1029, Louisiana Department of Revenue Sales Tax Return, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.
2. The FYE 6-16 revenue loss has been revised in order to reflect the correct revenue loss.
3. The FYE 6-15 revenue loss has been revised in order to reflect the correct revenue loss.
4. The FYE 6-15 and 6-16 revenue loss have been restated to conform with the FYE 6-17 presentation.
5. Included on the Miscellaneous Tax table.



Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Exemptions and Exclusions</b>					
1. Credit Unions	NRR	NRR	NRR	NRR	NRR
2. Certain Foreign Corporations	NRR	NRR	NRR	NRR	NRR
3. Electric Cooperatives	NRR	NRR	NRR	NRR	NRR
4. State Banking Corporations and Shareholders	NRR	NRR	NRR	NRR	NRR
5. Dividends from National Banking Corporations and State Banking Corporations	NRR	NRR	NRR	NRR	NRR
6. Interest on State or Local Government Obligations	NRR	NRR	NRR	NRR	NRR
7. Certain Exempt Entities	NRR	NRR	NRR	NRR	NRR
8. Louisiana Community Development Financial Institutions	NRR	NRR	NRR	NRR	NRR
9. Governmental Subsidies for Operating Public Transportation Systems	\$0	\$0	\$0	\$0	\$0
10. Subchapter S Corporation <sup>1</sup>	\$596,800,542	\$503,679,326	\$510,280,706	\$520,486,000	\$530,896,000
11. Compensation for Disaster Services	***	***	***	***	Unable to anticipate
<b>Deductions</b>					
12. Percentage Depletion	No data	No data	No data	No data	No data
13. Net Louisiana Operating Loss <sup>1</sup>	\$318,887,830	\$112,007,179	\$246,893,900	\$251,832,000	\$256,869,000
14. I.R.C. Section 280C Expense	No data	No data	No data	No data	No data
15. Interest Income and Dividend Income	No data	No data	No data	No data	No data
16. Hurricane Recovery Entity Benefits	No data	No data	No data	No data	No data
<b>Credits</b>					
17. Insurance Company Premium Tax	\$39,578,635	\$33,146,177	\$40,274,162	\$41,080,000	\$41,901,000
18. Bone Marrow Donor Expense	\$0	\$0	\$0	\$0	\$0
19. Employment of Certain First-Time Nonviolent Offenders	\$0	Negligible	\$0	Unable to anticipate	Unable to anticipate
20. Donations to Assist Qualified Playgrounds	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate
21. Contribution of Tangible Property of a Sophisticated and Technological Nature to Educational Institutions	\$0	\$0	\$470,392	Unable to anticipate	Unable to anticipate
22. Employee and Dependent Health Insurance Coverage	***	***	***	***	***

**Footnotes for Corporation Income Tax**

1. The revenue loss for this exemption does not include any loss from amended returns filed during FYE 6-15 and 6-16. The revenue loss for FYE 6-17 includes original returns and amended returns on original returns filed on or after July 1, 2013.

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>Credits Continued</b>					
23. Donations to Public Elementary or Secondary Schools	\$0	\$0	\$0	\$0	\$0
24. Debt Issuance Cost	\$0	\$0	\$0	\$0	\$0
25. Donations of Property to Certain Offices and Agencies	\$0	\$0	\$0	\$0	\$0
26. Donations of Materials, Equipment, or Instructors Made to Certain Training Providers	\$0	\$0	\$0	\$0	\$0
27. Employment of the Previously Unemployed	\$0	\$0	\$0	\$0	\$0
28. Purchase of Qualified Recycling Equipment	\$0	\$0	Negligible	Negligible	Negligible
29. Louisiana Basic-Skills Training	\$0	Negligible	\$0	Unable to anticipate	Unable to anticipate
30. Apprenticeship	\$310,196	\$265,178	\$16,952	\$17,000	\$17,000
31. Cash Donations to Dedicated Research Investment Fund	\$0	\$0	\$0	\$0	\$0
32. New Jobs	\$643,804	\$330,059	\$546,393	\$557,000	\$568,000
33. Certain Refunds Issued by Utilities	\$0	\$0	\$0	\$0	\$0
34. Hiring Eligible Re-Entrants	Negligible	Negligible	\$0	Unable to anticipate	Unable to anticipate
35. Neighborhood Assistance	\$0	\$0	\$0	\$0	\$0
36. Rehabilitation of Historic Structures	\$12,347,012	\$11,588,294	\$25,801,359	\$21,898,000	\$22,460,000
37. Louisiana Community Development Financial Institutions Act	\$0	\$0	\$0	\$0	\$0
38. Low-Income Housing	\$0	\$0	\$0	\$0	\$0
39. Donations to School Tuition Organization	***	***	***	***	Unable to anticipate
40. Inventory Tax/Ad Valorem Tax <sup>1</sup>	\$556,413,793	\$210,007,000	\$293,055,246	\$298,916,000	\$304,895,000
41. Ad Valorem Tax on Natural Gas <sup>1</sup>	\$7,873,032	\$2,135,428	\$6,138,905	\$6,262,000	\$6,387,000
42. Ad Valorem Tax on Offshore Vessels <sup>1</sup>	\$41,589,804	\$28,664,406	\$31,655,956	\$32,289,000	\$32,935,000
43. Ad Valorem Tax Paid by Certain Telephone Companies <sup>1</sup>	\$28,723,996	\$6,299,521	\$13,927,894	\$20,000,000	\$20,400,000
44. Purchases from Prison Industry Enhancement Contractors	\$0	\$0	\$0	\$0	\$0
45. LA Citizens Property Insurance Corporation Assessment <sup>2</sup>	\$4,752,769	\$2,586,774	\$1,507,216	\$1,477,000	\$1,448,000

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<p><b>Footnotes for Corporation Income Tax</b></p> <p>1. The estimated revenue loss for these credits includes the total revenue loss for corporation income and franchise taxes.</p> <p>2. The estimated revenue loss includes credits claimed on a stand alone form for taxpayers not required to file a corporation income tax return.</p>
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<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>Credits Continued</b>					
46. Sugarcane Transport <sup>1</sup>	\$208,001	***	***	***	***
47. Solar Energy System	\$34,678,642	\$7,381,590	\$6,832,096	\$5,000,000	***
48. Milk Producers <sup>1</sup>	\$137,500	\$112,902	\$108,144	\$110,000	\$113,000
49. Conversion of Vehicles to Alternative Fuel	\$6,231,328	\$738,972	\$3,307,766	\$2,804,000	\$1,965,000
50. School Readiness Child Care Provider <sup>1</sup>	\$2,388,761	\$2,112,961	\$2,210,866	\$2,255,000	\$2,300,000
51. School Readiness Business-Supported Child Care <sup>1</sup>	\$341,917	\$139,225	\$298,819	\$305,000	\$311,000
52. School Readiness Fees and Grants to Resource and Referral Agencies <sup>1</sup>	\$187,921	\$187,342	\$260,121	\$265,000	\$271,000
<b>Rebates</b>					
53. Donations to School Tuition Organization	\$60,975	\$211,661	\$1,207,522	\$2,769,000	\$3,077,000
<b>Other Exemptions</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total State Revenue Loss</b>	<b>\$1,652,156,458</b>	<b>\$921,593,995</b>	<b>\$1,184,794,415</b>	<b>\$1,208,322,000</b>	<b>\$1,226,813,000</b>
<b>Exemption Required by the State Constitution</b>					
54. Federal Income Tax Deduction <sup>2</sup>	\$142,282,613	\$175,463,993	\$203,312,713	\$207,379,000	\$211,527,000
<b>Total Corporation Income Tax Revenue Loss</b>	<b>\$1,794,439,071</b>	<b>\$1,097,057,988</b>	<b>\$1,388,107,128</b>	<b>\$1,415,701,000</b>	<b>\$1,438,340,000</b>

**Footnotes for Corporation Income Tax**

1. The estimated revenue loss for these credits includes the total revenue loss for corporation income and franchise taxes.
2. The estimated revenue loss for this exemption does not include any loss from amended returns filed during FYE 6-15 and 6-16. The revenue loss for FYE 6-17 includes original returns and amended returns on original returns filed on or after July 1, 2013.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Exemptions/Exclusions</b>					
1. Interest on State or Local Government Obligations	NRR	NRR	NRR	NRR	NRR
2. Resident Estates and Trusts	NRR	NRR	NRR	NRR	NRR
3. Annual Retirement Income	\$23,133,580	\$24,226,682	\$24,581,509	\$25,073,000	\$25,575,000
4. Disability Income <sup>1</sup>	\$5,176,689	\$4,634,881	\$5,432,016	\$5,541,000	\$5,651,000
5. State Employees, Teachers, and Other Retirement Benefits	\$89,284,717	\$96,291,418	\$97,807,390	\$99,764,000	\$101,759,000
6. Federal Retirement Benefits	\$30,419,557	\$31,907,589	\$31,776,685	\$32,412,000	\$33,060,000
7. Social Security Benefits	\$92,010,157	\$96,820,152	\$97,976,583	\$99,936,000	\$101,935,000
8. Military Pay	\$5,921,603	\$6,033,323	\$5,691,608	\$5,805,000	\$5,922,000
9. S Bank Income	See number 4	See number 4	See number 4	See number 4	See number 4
10. Compensation for Disaster Services	***	***	***	***	Unable to anticipate
<b>Deductions</b>					
11. Adaptive Home Improvements for Disabled Individuals	See number 4	See number 4	See number 4	See number 4	See number 4
12. Dependent Exemption/Deduction	\$30,883,285	\$31,880,435	\$31,278,023	\$31,278,000	\$32,542,000
13. Construction Code Retrofitting	Negligible	Negligible	Negligible	Negligible	Negligible
14. Excess Federal Itemized Deductions	\$342,184,069	\$350,221,223	\$382,613,312	\$390,266,000	\$398,071,000
15. Hurricane Recovery Entity Benefits	Negligible	\$0	\$0	\$0	\$0
16. Recreation Volunteer	\$19,849	\$61,240	\$19,630	\$20,000	\$20,000
17. Volunteer Firefighter	\$60,400	\$57,998	\$53,883	\$55,000	\$56,000
18. START Savings Program Contribution	\$2,137,671	\$2,228,981	\$2,310,976	\$2,357,000	\$2,404,000
19. I.R.C. Section 280C Wage Expense	\$490,214	\$443,298	\$696,902	\$711,000	\$725,000
20. Teachers <sup>2</sup>	Negligible	***	***	***	***
21. Net Capital Gains	\$43,606,314	\$89,122,558	\$70,102,237	\$71,504,000	\$72,934,000
22. Personal Exemption-Standard Deduction <sup>3</sup>	\$246,869,102	\$254,456,333	\$247,767,677	\$252,723,000	\$257,777,000
23. Military Family Assistance Fund	See number 4	See number 4	See number 4	See number 4	See number 4

**Footnotes for Individual Income Tax**

- The revenue loss for this credit includes the revenue loss and projected loss for disability income exclusion, S Bank income exclusion, deduction for military family assistance fund, and deduction for adaptive home improvements for disabled individuals.
- The FYE 6-16 revenue loss has been revised in order to reflect the correct revenue loss.
- The fiscal effect assumes no restrictions on eliminating this deduction. Assuming that to reduce this deduction below the levels in effect January 1, 1974, would require a constitutional amendment, 58 percent of the fiscal effect should be considered protected.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Deductions</b> <i>Continued</i>					
24. Elementary & Secondary School Tuition	\$21,374,514	\$21,493,926	\$20,766,887	\$21,182,000	\$21,606,000
25. Educational Expenses for Home-Schooled Children	\$228,750	\$261,344	\$272,784	\$278,000	\$284,000
26. Fees and Other Educational Expenses for a Quality Public Education	\$2,855,240	\$3,061,098	\$2,807,964	\$2,864,000	\$2,921,000
27. Employment of Qualified Disabled Individuals <sup>1</sup>	***	\$0	\$0	Unable to anticipate	Unable to anticipate
<b>Credits</b>					
28. Net Income Taxes Paid to Other States	\$103,808,582	\$50,827,918	\$56,377,492	\$57,505,000	\$66,140,000
29. Contribution of Tangible Property of a Sophisticated and Technological Nature to Educational Institutions	\$1,411,309	\$894,438	\$734,392	\$749,000	\$764,000
30. Certain Disabilities	\$2,838,812	\$2,214,169	\$1,963,019	\$2,002,000	\$2,042,000
31. Special Allowable Credits	\$1,172,645	\$793,619	\$745,426	\$760,000	\$776,000
32. Education	\$16,476,887	\$9,751,540	\$9,358,176	\$600,000	\$500,000
33. Certain Child Care Expenses	\$17,704,968	\$17,935,243	\$16,623,173	\$16,956,000	\$17,295,000
34. Gasoline & Special Fuels Taxes for Commercial Fisherman	\$10,043	Negligible	Negligible	Negligible	Negligible
35. Family Responsibility	Negligible	\$0	\$0	\$0	\$0
36. Small-Town Doctor/Dentist	\$850,296	\$511,297	\$455,108	\$464,000	\$1,464,000
37. Bone Marrow Donor Expense	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate
38. Educational Expense Incurred for a Degree Related to Law Enforcement	\$76,834	\$32,645	\$18,112	\$18,000	\$19,000
39. Employment of Certain First-Time Drug Offenders	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate
40. Purchase of Bulletproof Vest	\$14,686	\$15,241	\$16,933	\$17,000	\$18,000
41. Employment of Certain First-Time Nonviolent Offenders	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate
42. Accessible and Barrier-Free Constructed Home	\$45,866	Negligible	Negligible	Negligible	\$450,000
43. Donations to Assist Qualified Playgrounds	\$38,663	\$14,997	Negligible	Negligible	Negligible
44. Debt Issuance Costs	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate

**Footnotes for Individual Income Tax**

1. The FYE 6-16 revenue loss has been revised in order to reflect the correct revenue loss.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Credits Continued</b>					
45. Donations of Property to Certain Offices and Agencies	\$0	\$0	\$0	\$0	\$0
46. Donations of Materials, Equipment, or Instructors Made to Certain Training Providers	\$48,048	Negligible	Negligible	Negligible	Negligible
47. Long-Term Insurance Premiums	***	***	***	***	***
48. Living Organ Donation	\$18,730	\$18,873	\$11,341	\$12,000	\$12,000
49. Employment-Related Expenses for Maintaining Households for Certain Disabled Dependents	\$361,146	\$104,764	\$10,387	\$11,000	\$11,000
50. Employment of the Previously Unemployed	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate
51. Purchase of Qualified Recycling Equipment	\$12,306	\$48,668	Negligible	Negligible	Negligible
52. Louisiana Basic-Skills Training	\$22,992	Negligible	Negligible	Negligible	Negligible
53. Apprenticeship	\$349,017	\$193,087	\$137,516	\$138,000	\$138,000
54. Cash Donations to Dedicated Research Investment Fund	\$0	\$0	\$0	\$0	\$0
55. Rehabilitation of Historic Structures	\$36,970,742	\$37,289,516	\$56,978,644	\$48,359,000	\$49,599,000
56. Louisiana Community Development Financial Institutions Act	\$148,998	\$170,665	\$14,883	\$79,000	\$79,000
57. Low-Income Housing	\$0	\$0	\$0	\$0	\$0
58. Donations to School Tuition Organization	***	***	***	***	Unable to anticipate
59. Rehabilitation of an Owner Occupied Residential or Mixed-Use Property	\$373,547	\$298,743	\$354,368	\$361,000	\$369,000
60. Property Insurance	Negligible	Negligible	Negligible	***	***
61. Earned Income Tax Credit	\$47,314,323	\$48,894,977	\$47,462,414	\$48,412,000	\$49,380,000
62. Amounts Paid by Certain Military Servicemembers for Obtaining Louisiana Hunting and Fishing Licenses	\$144,115	\$96,425	\$112,184	\$114,000	\$117,000
63. Inventory Tax /Ad Valorem Tax <sup>1</sup>	\$13,978,169	\$15,677,121	\$19,644,299	\$20,037,000	\$20,438,000
64. Ad Valorem Tax on Natural Gas <sup>1</sup>	\$49,301	Negligible	\$0	Negligible	Negligible
65. Ad Valorem Tax on Offshore Vessels	\$34,677,871	\$6,444,872	\$23,021,043	\$23,481,000	\$23,951,000
66. Ad Valorem Tax Paid by Certain Telephone Companies	\$0	\$0	\$0	\$0	\$0
67. Purchases from Prison Industry Enhancement Contractors	\$0	\$0	\$0	\$0	\$0

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**Footnotes for Individual Income Tax**

1. The FYE 6-16 revenue loss has been revised in order to reflect the correct revenue loss.

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>Credits Continued</b>					
68. LA Citizens Property Insurance Corporation Assessment <sup>1</sup>	\$39,683,346	\$25,927,922	\$10,195,124	\$9,176,000	\$8,258,000
69. Sugarcane Transport	\$0	***	***	***	***
70. Solar Energy System	\$37,741,598	\$10,009,311	\$10,000,000	\$9,754,000	\$4,754,000
71. Milk Producers	\$986,250	\$737,778	\$778,798	\$794,000	\$810,000
72. Conversion of Vehicles to Alternative Fuel	\$826,594	\$503,279	\$632,683	\$536,000	\$376,000
73. School Readiness Child Care	\$3,238,177	\$3,098,313	\$2,356,523	\$2,404,000	\$2,452,000
74. School Readiness Child Care Provider	\$2,256,055	\$2,138,664	\$2,774,262	\$2,830,000	\$2,886,000
75. School Readiness Child Care Directors and Staff	\$8,158,998	\$8,580,787	\$8,895,807	\$9,074,000	\$9,255,000
76. School Readiness Business-Supported Child Care	\$215,361	\$179,634	\$175,646	\$179,000	\$183,000
77. School Readiness Fees and Grants to Resource and Referral Agencies	\$759,294	\$539,178	\$624,135	\$637,000	\$649,000
<b>Rebates</b>					
78. Donations to School Tuition Organization	\$0	\$101,660	\$1,932,267	\$4,431,000	\$4,923,000
<b>Other Exemptions</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total State Revenue Loss</b>	<b>\$1,309,440,280</b>	<b>\$1,257,247,823</b>	<b>\$1,294,360,221</b>	<b>\$1,301,659,000</b>	<b>\$1,331,350,000</b>
<b>Exemptions Required by the State Constitution, Federal Law or US Constitution</b>					
79. Federal Income Tax Deduction	\$879,742,313	\$870,033,014	\$827,550,367	\$844,101,000	\$860,983,000
80. Interest on United States Government Obligations	\$1,634,102	\$1,696,673	\$1,996,146	\$2,036,000	\$2,077,000
81. Native American Income	\$183,441	\$229,682	\$218,376	\$223,000	\$227,000
<b>Total Individual Income Tax Revenue Loss</b>	<b>\$2,191,000,136</b>	<b>\$2,129,207,192</b>	<b>\$2,124,125,110</b>	<b>\$2,148,019,000</b>	<b>\$2,194,637,000</b>

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**Footnotes for Individual Income Tax**

1. The estimated revenue loss includes credits claimed on a stand alone form for taxpayers not required to file an individual income tax return.

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>Exclusions</b>					
1. Purchases by Pari-Mutuel Horse Racetracks	###	###	\$44,193	\$45,000	\$90,000
2. Purchases by Off-Track Wagering Facilities	###	###	Negligible	Negligible	Negligible
3. Purchases by Louisiana Insurance Guaranty Association	###	###	Negligible	Negligible	Negligible
4. Purchases, Services and Rentals on Construction or Operation of Sewerage or Waste Water Treatment Facilities	###	###	\$147,967	\$151,000	\$302,000
5. Isolated or Occasional Sales of Tangible Personal Property	###	###	\$171,303	\$175,000	\$140,000
6. Installation Charges on Tangible Personal Property	###	###	\$26,478,147	\$27,008,000	\$21,606,000
7. Separately Stated Labor Charges on Property Repaired Out-of-State	###	###	\$40,741	\$42,000	\$84,000
8. Installation of Board Roads to Oilfield Operators	###	###	\$43,867	\$45,000	\$36,000
9. Manufacturers Rebates on New Motor Vehicles	\$16,172,513	\$12,507,858	\$12,716,717	\$12,971,000	\$17,295,000
10. Manufacturers Rebates Paid Directly to a Dealer	###	###	\$37,835	\$39,000	\$78,000
11. Purchases of Manufacturing Machinery and Equipment	\$75,073,201	\$88,666,688	\$110,611,656	\$112,824,000	\$115,080,000
12. Purchases of Certain Machinery and Equipment Used to Produce a News Publication	See number 11	See number 11	See number 11	See number 11	See number 11
13. Purchases of Electric Power and Natural Gas by Paper or Wood Products Manufacturing Facilities	See number 105	See number 105	\$2,052,237	\$2,093,000	\$4,186,000
14. Purchases of Consumables by Paper and Wood Manufacturers and Loggers	See number 11	See number 11	\$339,375	\$346,000	\$692,000
15. Room Rentals at Camp and Retreat Facilities	###	###	\$29,023	\$30,000	\$24,000
16. Room Rentals at Certain Homeless Shelters	\$0	\$0	\$0	\$0	\$0
17. Rentals or Leases of Certain Oilfield Property to be Re-Leased or Re-Rented	###	###	\$191,366	\$195,000	\$390,000
18. Certain Transactions Involving the Construction or Overhaul of U.S. Navy Vessels	###	###	\$55,553	\$57,000	\$46,000
19. Rental or Purchase of Airplanes or Airplane Equipment and Parts by Louisiana Domiciled Commuter Airlines	###	###	\$0	\$0	\$0
20. Purchases, Leases and Sales of Services by Free Hospitals	###	###	\$3,054,649	\$3,116,000	\$2,493,000
21. Certain Educational Materials and Equipment Used for Classroom Instruction	###	###	\$816,847	\$833,000	\$666,000
22. Sales and Rentals to Boys State of La., Inc. and Girls State of La., Inc.	###	###	Negligible	Negligible	Negligible

Due to the potential of taxpayer reporting errors on Form R-1029, Louisiana Department of Revenue Sales Tax Return, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

<b>Footnotes for Sales Tax</b>
### Included in the row labeled Other Exemptions.



Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Exclusions</b> <i>Continued</i>					
23. Vehicle Rentals for Re-Rent to Warranty Customers	###	###	\$142,207	\$145,000	\$116,000
24. Property Used in the Manufacture, Production, or Extraction of Unblended Diesel	See number 11	See number 11	\$12,693	\$13,000	\$26,000
25. Leases or Rentals of Pallets Used in Packaging Products Produced by a Manufacturer	###	###	Negligible	Negligible	Negligible
26. Purchases by Regionally Accredited Independent Educational Institutions	###	###	\$792,811	\$809,000	\$1,079,000
27. Purchases by State and Local Governments <sup>1</sup>	\$189,068,941	\$204,874,940	\$373,610,654	\$381,083,000	\$304,866,000
28. Purchases of Certain Bibles, Songbooks, or Literature by Certain Churches or Synagogues for Religious Instructional Classes <sup>2</sup>	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited
29. Purchases by the Society of the Little Sisters of the Poor <sup>2</sup>	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited
30. Purchases by Nonprofit Entities that Sell Donated Goods	###	###	\$1,153,875	\$1,177,000	\$942,000
31. Purchases of Automobiles for Lease or Rental	\$54,079,628	\$61,668,309	\$72,866,006	\$74,323,000	\$59,458,000
32. Purchases of Tangible Personal Property for Lease or Rental	\$12,012,051	\$6,337,236	\$7,767,098	\$7,922,000	\$10,563,000
33. Natural Gas Used in the Production of Iron	See number 105	See number 105	\$0	\$0	\$0
34. Electricity for Chlor-Alkali Manufacturing Process	See number 105	See number 105	\$4,794,208	\$4,890,000	\$9,780,000
35. Sales of Human-Tissue Transplants	###	###	\$2,519,089	\$2,569,000	\$2,055,000
36. Sales of Raw Agricultural Commodities	###	###	\$17,161,045	\$17,504,000	\$14,003,000
37. Sale to the United States Government and its Agencies	See number 27	See number 27	See number 27	See number 27	See number 27
38. Sales of Food Items by Youth Organizations	###	###	\$190,050	\$194,000	\$155,000
39. Purchases of School Buses by Independent Operators	No data	No data	\$851,355	\$868,000	\$1,736,000
40. Tangible Personal Property Sold or Donated to Food Banks	###	###	Negligible	Negligible	Negligible
41. Pollution Control Devices and Systems	###	###	\$2,062,409	Unable to anticipate	Unable to anticipate
42. Certain Aircraft Assembled in Louisiana	###	###	\$0	\$0	\$0
43. Pelletized Paper Waste Used in a Permitted Boiler	###	###	\$0	\$0	\$0
44. Purchases of Equipment by Bonafide Volunteer and Public Fire Department	###	###	\$342,275	\$349,000	\$279,000
45. Sales of Telephone Directories by Advertising Companies	###	###	Negligible	Negligible	Negligible

Due to the potential of taxpayer reporting errors on Form R-1029, Louisiana Department of Revenue Sales Tax Return, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

Footnotes for Sales Tax
### Included in the row labeled Other Exemptions.
1. These amounts include the total revenue loss for purchases by state and local government and sales to the United States Government and its Agencies (see #37).
2. See Revenue Information Bulletin No. 06-022 issued May 5, 2006.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Exclusions</b> <i>Continued</i>					
46. Sales of Cellular Telephones and Electronic Accessories	###	###	No data	No data	No data
47. Purchases of any Fuel or Gas for Residential Use and Purchases of Butane and Propane by any Person	See number 105	See number 105	\$42,354	\$43,000	\$86,000
48. Alternate Substance Used as a Fuel	###	***	***	***	***
49. Donation of Toys	###	###	Negligible	Negligible	Negligible
50. Natural Gas Held, Used, or Consumed in Providing Natural Gas Storage Services or Operating Natural Gas Storage Facilities	See number 105	See number 105	\$82,043	\$84,000	\$168,000
51. Purchases by a Private Postsecondary Academic Degree-Granting Institution	###	###	Negligible	Negligible	Negligible
52. Purchases of Food Items for School Lunch or Breakfast Programs by Nonpublic Elementary or Secondary Schools	###	###	\$57,486	\$59,000	\$47,000
53. Purchases of Storm Shutter Devices	###	###	\$16,421	\$17,000	\$34,000
54. Sales of Tangible Personal Property by the Louisiana Military Department	###	###	\$0	\$0	\$0
55. Sales of Anthropogenic Carbon Dioxide Use in Qualified Tertiary Recovery Projects	###	###	\$0	\$0	\$0
56. Qualifying Events Providing Louisiana Heritage, Culture, Crafts, Art, Food, and Music Sponsored by a Domestic Nonprofit Organization	###	###	Negligible	Negligible	Negligible
57. Articles Traded in on Tangible Personal Property	###	###	\$858,236	\$875,000	\$700,000
58. First \$50,000 of New Farm Equipment Used in Poultry Production	See number 11	See number 11	See number 141	See number 141	See number 141
59. Specialty Mardi Gras Items Sold by Certain Organizations	###	###	\$350,655	\$358,000	\$716,000
60. Admissions Charges to Athletic Events of Colleges and Universities	###	###	\$362,466	\$370,000	\$740,000
61. Admissions Charges to Athletic Events and Entertainment Events of Elementary and Secondary Schools	###	###	\$1,235,873	\$1,261,000	\$1,009,000
62. Membership Fees or Dues of Nonprofit or Civic Organizations	###	###	\$374,829	\$382,000	\$306,000
63. Admissions to Museums	###	###	\$983,070	\$1,003,000	\$2,006,000
64. Admissions to Places of Amusement at Camp or Retreat Facilities	###	###	\$53,234	\$54,000	\$108,000
65. Repair Services Performed in Louisiana when the Repaired Property is Exported	###	###	\$1,626,808	\$1,659,000	\$2,212,000
66. Repairs, Renovations, or Conversions of Drilling Rigs	###	###	\$350,963	\$358,000	\$716,000
67. Surface Preparation, Coating, and Painting of Certain Aircraft	***	***	***	\$120,000	\$96,000

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<b>Footnotes for Sales Tax</b>
### Included in the row labeled Other Exemptions.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Exclusions</b> <i>Continued</i>					
68. Gold, Silver, or Numistic Coins, or Platinum, Gold, or Silver Bullion	###	###	\$197,714	\$420,000	\$395,000
69. Certain Geophysical Survey Information and Data Analyses	\$0	\$0	\$17,704	\$18,000	\$14,000
70. Vehicle Repairs Subsequent to Warranty Lapse	###	###	Negligible	Negligible	Negligible
71. Work Products of Certain Professionals	\$0	\$0	\$706,772	\$721,000	\$577,000
72. Pharmaceuticals Administered to Livestock for Agricultural Purposes	###	###	\$271,986	\$277,000	\$222,000
73. Used Manufactured Homes and 54 Percent of Cost of New Manufactured Homes	\$7,544,868	\$7,921,232	\$10,755,836	\$10,971,000	\$8,777,000
74. Purchases of Certain Custom Computer Software	###	###	\$112,666	\$115,000	\$230,000
75. Materials Used Directly in the Collection of Blood	###	###	\$334,964	\$342,000	\$274,000
76. Apheresis Kits and Leuko Reduction Filters	###	###	Negligible	Negligible	Negligible
77. Other Constructions Permanently Attached to the Ground	###	###	\$4,791,293	\$4,887,000	\$6,516,000
78. Purchases by Motor Vehicle Manufacturers	See number 11	See number 11	See number 11	See number 11	See number 11
79. Purchases by Glass Manufacturers	See number 11	See number 11	See number 11	See number 11	See number 11
80. Purchases of Machinery and Equipment by Owners of Certain Radio Stations	See number 11	See number 11	Negligible	Negligible	Negligible
81. Purchases of Machinery and Equipment by Certain Utilities	See number 11	See number 11	\$1,324,615	\$1,351,000	\$2,702,000
82. Sales of Newspapers	###	###	\$484,794	\$494,000	\$988,000
83. Donations to Certain Schools	###	###	Negligible	Negligible	Negligible
84. Use Tax on Residue or Byproducts Consumed by the Producer	###	###	Negligible	Negligible	Negligible
85. Miscellaneous Telecommunication Services	###	###	NRR	NRR	NRR
86. Telecommunication Services Through Coin-Operated Telephones	###	###	NRR	NRR	NRR
87. Interstate Telecommunication Services Purchased by Defined Call Centers	###	###	Negligible	Negligible	\$15,000
88. Advertising Services	###	###	\$4,905,465	\$5,004,000	\$4,003,000
<b>Exemptions</b>					
89. Purchases by Nonprofit Electric Cooperatives	+++	+++	\$87,877	\$90,000	\$92,000
90. Purchases by a Public Trust	\$0	\$0	\$0	\$0	\$0
91. Sales by State-Owned Domed Stadiums and Baseball Facilities	###	###	\$191,102	\$195,000	\$285,000

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Due to the potential of taxpayer reporting errors on Form R-1029, Louisiana Department of Revenue Sales Tax Return, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

Footnotes for Sales Tax
### Included in the row labeled Other Exemptions.
+++ Included in the row labeled Exemptions subject to 1% suspended rate.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Exemptions Continued</b>					
92. Sales by Certain Publicly-Owned Facilities	###	###	\$261,033	\$266,000	\$217,000
93. Boats, Vessels, and Other Water Craft as Demonstrators	###	###	\$11,043	\$11,000	\$22,000
94. Purchases of Off-Road Vehicles by Certain Buyers Domiciled in Another State	###	###	\$40,929	\$42,000	\$84,000
95. Sales of Farm Products Direct from the Farm	###	###	\$13,451,578	\$13,721,000	\$10,977,000
96. Livestock Sold at Market and Racehorses Claimed in Louisiana	###	###	\$65,527	\$67,000	\$54,000
97. Feed and Feed Additives for Animals Held for Business Purposes	+++	+++	\$118,625	\$121,000	\$91,000
98. Materials Used in the Production or Harvesting of Crawfish	+++	+++	\$256,551	\$262,000	\$197,000
99. Bait and Feed Used in the Production or Harvesting of Crawfish	###	###	\$378,982	\$387,000	\$310,000
100. Materials Used in the Production or Harvesting of Catfish	+++	+++	\$56,371	\$57,000	\$43,000
101. Farm Products Produced and Used by the Farmers	###	###	\$3,522,928	\$3,593,000	\$2,874,000
102. Sales of Gasoline (not subject to motor fuels tax)	+++	+++	\$0	\$0	\$0
103. Sales of Steam -Nonresidential	See number 104	See number 104	See number 104	See number 104	See number 104
104. Sales of Water - Nonresidential	\$6,653,905	\$6,578,071	\$1,518,102	\$1,548,000	\$4,902,000
105. Sales of Electric Power or Energy - Nonresidential	\$336,618,617	\$138,288,865	\$45,681,993	\$46,596,000	\$147,554,000
106. Sales of Fertilizers and Containers to Farmers	###	###	See number 121	See number 121	See number 121
107. Sales of Natural Gas - Nonresidential	See number 105	See number 105	See number 105	See number 105	See number 105
108. Materials and Energy Sources Used for Boiler Fuel	+++	\$3,407,871	\$0	\$0	\$3,408,000
109. Trucks, Automobiles, and New Aircraft Removed from Inventory for Use as Demonstrators	No data	No data	No data	No data	No data
110. Orthotic and Prosthetic Devices	###	###	\$2,566,329	\$2,618,000	\$2,094,000
111. Ostomy, Colostomy, Ileostomy, and Other Appliance Devices	###	###	\$187,388	\$191,000	\$153,000
112. Patient Aids for Home Use when Prescribed by a Physician	###	###	\$396,418	\$404,000	\$804,000
113. Medical Devices Used by Patients Under the Supervision of a Physician	###	###	\$9,254,534	\$23,136,000	\$18,509,000
114. Restorative Materials Used by Dentists	###	###	\$299,365	\$305,000	\$610,000
115. Adaptive Driving Equipment and Motor Vehicle Modification	+++	+++	\$48,879	\$50,000	\$38,000
116. Sales of Food by Certain Institutions	###	###	\$3,446,032	\$3,515,000	\$2,812,000

Due to the potential of taxpayer reporting errors on Form R-1029, Louisiana Department of Revenue Sales Tax Return, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

Footnotes for Sales Tax
### Included in the row labeled Other Exemptions.
+++ Included in the row labeled Exemptions subject to 1% suspended rate.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Exemptions Continued</b>					
117. Sales of Bakery Products for Home Consumption <sup>1</sup>	###	###	No data	No data	No data
118. Fees Paid by Radio and Television Broadcasters for the Rights to Broadcast Film, Video, and Tapes	+++	+++	\$0	\$0	\$0
119. Sales of 50-Ton Vessels and New Component Parts and Sales of Certain Materials and Services to Vessels Operating in Interstate Commerce	###	###	\$21,196,594	\$21,621,000	\$17,297,000
120. Sales of Insulin	###	###	Negligible	Negligible	Negligible
121. Sales of Seeds for Planting Crops	###	###	\$17,138,940	\$17,482,000	\$13,986,000
122. Sales of Admission Tickets by Little Theater Organizations	+++	+++	Negligible	Negligible	Negligible
123. Tickets to Musical Performances by Nonprofit Musical Organizations	+++	+++	\$127,054	\$130,000	\$98,000
124. Sales of Pesticides for Agricultural Purposes	###	###	\$1,766,984	\$1,802,000	\$1,442,000
125. Rentals of Motion-Picture Film to Commercial Theaters	+++	+++	Negligible	Negligible	Negligible
126. Property Purchased for Exclusive Use Outside the State	###	###	\$17,228,456	\$17,573,000	\$14,058,000
127. Additional Tax Levy on Contracts Entered into Prior to and Within 90 Days of Tax Levy	\$0	\$891,314	\$3,472,107	\$3,542,000	Unable to anticipate
128. Admissions to Entertainment by Domestic Nonprofit Charitable, Educational, and Religious Organizations	+++	+++	\$62,099	\$63,000	\$47,000
129. Sales of Tangible Personal Property at or Admissions to Events Sponsored by Certain Nonprofit Groups	###	###	\$1,596,822	\$1,629,000	\$1,303,000
130. Sales of Newspapers by Religious Organizations	###	###	Negligible	Negligible	Negligible
131. Sales by Thrift Shops on Military Installations	###	###	See number 54	See number 54	See number 54
132. Sales to Nonprofit Literacy Organizations	###	###	Negligible	Negligible	Negligible
133. Sales or Purchases by Blind Persons Operating Small Businesses	###	###	See number 134	See number 134	See number 134
134. Purchases by Certain Organizations that Promote Training for the Blind	###	###	\$12,729	\$13,000	Negligible
135. Cable Television Installation and Repair Services	\$0	\$0	\$0	\$0	\$0
136. Receipts from Coin-Operated Washing and Drying Machines in Commercial Laundromats	NRR	NRR	\$279,195	\$285,000	\$228,000
137. Outside Gate Admissions and Parking Fees at Fairs, Festivals, and Expositions Sponsored by Nonprofit Organizations	+++	+++	Negligible	Negligible	Negligible
138. Lease or Rental of Certain Vessels in Mineral Production	+++	+++	\$1,490,849	\$1,521,000	\$4,563,000

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Footnotes for Sales Tax
### Included in the row labeled Other Exemptions.
+++ Included in the row labeled Exemptions subject to 1% suspended rate.
1. The revenue loss for this exemption was not included in previous TEB reports.

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Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Exemptions Continued</b>					
139. Purchases of Supplies, Fuels, and Repair Services for Boats Used by Commercial Fishermen	###	###	\$631,822	\$644,000	\$515,000
140. Certain Seafood-Processing Facilities	###	###	\$59,245	\$60,000	\$120,000
141. First \$50,000 of the Sales Price of Certain Rubber-Tired Farm Equipment and Attachments	See number 11	See number 11	\$7,485,641	\$7,635,000	\$6,042,000
142. New Vehicles Furnished by a Dealer for Driver-Education Programs	No data	No data	No data	No data	No data
143. Sales of Gasohol	+++	+++	See number 102	See Number 102	See Number 102
144. Construction Materials and Operating Supplies for Certain Nonprofit Retirement Centers	+++	+++	Negligible	Negligible	\$18,000
145. Leases of Motor Vehicles for Re-Lease or Re-Rent by Qualified Lessors	###	###	Negligible	Negligible	\$15,000
146. Sales of Certain Fuels Used for Farm Purposes	###	###	\$3,463,464	\$3,533,000	\$3,604,000
147. Sales or Purchases by Certain Sheltered Workshops	###	###	\$132,227	\$135,000	\$270,000
148. Purchases of Certain Fuels for Private Residential Consumption	See number 203	See number 203	\$312,782	\$319,000	\$255,000
149. Specialty Mardi Gras Items Purchased or Sold by Certain Organizations	+++	+++	See number 59	See number 59	See number 59
150. Purchases and Sales by Ducks Unlimited and Bass Life	+++	+++	Negligible	Negligible	\$12,000
151. Tickets to Dance, Drama, or Performing Arts Presentations by Certain Nonprofit Organizations	+++	+++	Negligible	Negligible	\$18,000
152. Purchases by and Sales by Certain Nonprofit Organizations Dedicated to the Conservation of Fish and Migratory Waterfowl	+++	+++	Negligible	Negligible	\$21,000
153. Raw Materials Used in the Printing Process	+++	+++	Negligible	Negligible	Negligible
154. Piggyback Trailers or Containers and Rolling Stock	+++	+++	See number 159	See number 159	See number 159
155. Pharmaceutical Samples Distributed in Louisiana	+++	+++	Negligible	Negligible	Negligible
156. Catalogs Distributed in Louisiana	+++	+++	Negligible	Negligible	Negligible
157. Certain Trucks and Trailers Used 80% in Interstate Commerce	\$19,515,678	\$15,495,399	\$16,005,008	\$16,325,000	\$13,060,000
158. Certain Contract Carrier Buses Used 80% in Interstate Commerce	See number 157	See number 157	See number 157	See number 157	See number 157
159. Rail Rolling Stock Sold or Leased in Louisiana	###	###	\$1,494,355	\$1,524,000	\$3,048,000
160. Rail Rolling Stock Repaired or Fabricated in Louisiana	###	###	\$1,150,670	\$1,174,000	\$2,348,000

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Footnotes for Sales Tax
### Included in the row labeled Other Exemptions.
+++ Included in the row labeled Exemptions subject to 1% suspended rate.

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>Exemptions Continued</b>					
161. Sales of Railroad Ties to Railroads for Use in Other States	###	###	\$0	\$0	\$0
162. Utilities Used by Steelworks and Blast Furnaces	See number 105	See number 105	See number 105	See number 105	See number 105
163. Sickle Cell Disease Organizations	###	###	Negligible	Negligible	\$18,000
164. Annual Louisiana Sales Tax Holiday	\$4,181,181	\$2,176,551	\$2,307,442	\$2,354,000	\$4,708,000
165. Sales of Original One-of-a-Kind Works of Art Sold in Certain Locations	###	###	\$224,011	\$228,000	\$456,000
166. Hurricane Preparedness Louisiana Sales Tax Holiday	\$45,402	\$0	\$33,415	\$34,000	\$68,000
167. Sales of Construction Materials to Habitat for Humanity	###	###	Negligible	Negligible	Negligible
168. Purchase of Certain Water Conservation Equipment for Use in the Sparta Groundwater Conservation District	###	###	\$0	\$0	\$0
169. Second Amendment Sales Tax Holiday	\$793,475	\$1,437,770	\$198,345	\$202,000	\$404,000
170. Sale of Polyroll Tubing	###	###	\$73,929	\$157,000	\$148,000
171. Purchase, Lease, or Repair of Certain Capital Equipment and Computer Software of Qualifying Radiation Therapy Treatment Centers	###	###	\$0	\$0	\$0
172. Purchases of Construction Materials by Hands on New Orleans and Rebuilding Together New Orleans Covenant Partners	###	###	\$0	\$0	\$0
173. Parish Councils on Aging	###	###	\$19,495	\$20,000	\$16,000
174. Purchase of Breastfeeding Items	###	###	\$14,483	\$15,000	\$30,000
175. Purchases by The Fore!Kids Foundation	###	###	Negligible	Negligible	Negligible
176. Purchases of Vehicles Modified for Use by an Orthopedically Disabled Person	\$0	\$0	***	***	***
177. Purchases of Construction Materials by The Make It Right Foundation	###	###	See number 167	See number 167	See number 167
178. Purchases of Construction Materials by the St. Bernard Project, Inc.	###	###	\$0	\$0	\$0
179. Antique Airplanes Held by Private Collectors and Not Used for Commercial Purposes	+++	+++	\$0	\$0	\$0
<b>Alternate Reporting Methods</b>					
180. Certain Interchangeable Components; Optional Method to Determine	###	###	\$0	\$0	\$0

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<b>Footnotes for Sales Tax</b>
### Included in the row labeled Other Exemptions.
+++ Included in the row labeled Exemptions subject to 1% suspended rate.



Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Alternate Reporting Methods</b> <i>Continued</i>					
181. Helicopters Leased for Use in the Extraction, Production, or Exploration for Oil, Gas, or Other Minerals	See number 32	See number 32	\$0	\$0	\$0
182. Cash-Basis Sales Tax Reporting and Remitting for Health and Fitness Club Membership Contracts	\$0	\$0	\$0	\$0	\$0
183. Cash-Basis Reporting Procedure for Rental and Lease Transactions	\$0	\$0	\$0	\$0	\$0
184. Collection from Interstate and Foreign Transportation Dealers	\$0	\$0	\$0	\$0	\$0
<b>Statutorily Prescribed Methods Of Taxation</b>					
185. Extended Time to Register Mobile Homes	\$0	\$0	\$0	\$0	\$0
186. "Sales or Cost Price" of Refinery Gas	\$0	\$0	\$0	\$0	\$0
187. News Publications Distributed at No Cost to Readers	###	###	\$0	\$0	\$0
188. Leases or Rentals of Railroad Rolling Stock and Leases or Rentals by Railway Companies and Railroad Corporations	\$0	\$0	\$0	\$0	\$0
189. Sales Through Coin-Operated Vending Machines	NRR	NRR	NRR	NRR	NRR
<b>Credits</b>					
190. Vendor's Compensation	\$25,882,917	\$24,166,368	\$18,926,610	\$19,305,000	\$19,691,000
191. Costs to Reprogram Cash Registers	\$14,766	\$21,558	***	***	***
<b>Refunds</b>					
192. Sales Tax Remitted on Bad Debts from Credit Sales	\$337,247	\$854,291	\$1,112,539	Unable to anticipate	Unable to anticipate
193. State Sales Tax Paid on Property Destroyed in a Natural Disaster	Negligible	Negligible	\$450,937	Unable to anticipate	Unable to anticipate
194. Materials Used in the Construction, Restoration, or Renovation of Housing in Designated Areas	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate
195. Purchases and Leases of Durable Medical Equipment Paid by or Under Provisions of Medicare	\$504,664	\$2,004,987	\$2,213,730	Unable to anticipate	Unable to anticipate
196. Sales Tax Collected by a Qualified Charitable Institutions	\$0	\$0	\$0	\$0	\$0
197. Louisiana Tax Free Shopping Program	\$1,064,014	\$1,726,759	\$1,035,046	\$1,056,000	\$1,077,000
<b>Other Exemptions<sup>1</sup></b>	<b>\$902,668,601</b>	<b>\$810,997,270</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Exemptions Subject to 1% Suspended Rate<sup>1</sup></b>	<b>\$7,770,709</b>	<b>\$5,604,428</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total State Sales Tax Revenue Loss</b>	<b>\$1,660,002,378</b>	<b>\$1,395,627,765</b>	<b>\$874,954,109</b>	<b>\$900,615,000</b>	<b>\$907,037,000</b>

Due to the potential of taxpayer reporting errors on Form R-1029, Louisiana Department of Revenue Sales Tax Return, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

#### Footnotes for Sales Tax

### Included in the row labeled Other Exemptions.

- An allocation of the "Other Exemptions" and "Exemptions Subject to 1% Suspended Rate" totals to the corresponding specific exemptions has been prepared using data available for the period of April 2016 to October 2016.



<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>State Exemptions with Prohibitions on Taxation</b>					
198. Purchases Made with Food Stamps and WIC Vouchers	###	###	\$28,382,909	\$28,951,000	\$23,161,000
199. Credit for Sales and Use Taxes Paid to Other States on Property Imported into Louisiana	###	###	\$1,500,565	\$1,531,000	\$1,225,000
200. Credit for Use Tax Paid on Automobiles Imported by Certain Members of the Armed Services	No data	No data	No data	No data	No data
201. Use of Vehicles in Louisiana by Active Military Personnel	No data	No data	No data	No data	No data
202. Sales of Food for Preparation and Consumption in the Home	\$428,176,734	\$424,070,647	\$409,881,824	\$418,079,000	\$334,463,000
203. Sales of Electric Power or Energy to the Consumer for Residential Use	\$161,183,715	\$166,725,153	\$214,842,013	\$219,139,000	\$175,311,000
204. Sales of Natural Gas to the Consumer for Residential Use	See number 203	See number 203	See number 203	See number 203	See number 203
205. Sales of Water to the Consumer for Residential Use	See number 203	See number 203	See number 203	See number 203	See number 203
206. Drugs Prescribed by Physicians or Dentists	\$300,820,341	\$358,956,487	\$477,543,068	\$487,094,000	\$389,675,000
207. Sales of Gasoline, Gasohol, and Diesel	\$359,362,211	\$327,701,562	\$390,480,586	\$398,290,000	\$318,632,000
<b>Total Revenue Loss from Exemptions with Prohibitions on Taxation</b>	<b>\$1,249,543,001</b>	<b>\$1,277,453,849</b>	<b>\$1,522,630,965</b>	<b>\$1,553,084,000</b>	<b>\$1,242,467,000</b>
<b>Total Sales Tax Revenue Loss</b>	<b>\$2,909,545,379</b>	<b>\$2,673,081,614</b>	<b>\$2,397,585,074</b>	<b>\$2,453,699,000</b>	<b>\$2,149,504,000</b>

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Due to the potential of taxpayer reporting errors on Form R-1029, Louisiana Department of Revenue Sales Tax Return, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

<b>Footnotes for Sales Tax</b>
### Amount is included in row labeled Other Exemptions

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Natural Gas Exclusions</b>					
1. Injection	\$1,914,163	\$2,255,685	\$1,007,915	\$902,000	\$839,000
2. Produced Outside the State of Louisiana	\$18,095	\$37,303	\$35,643	\$12,000	\$20,000
3. Flared or Vented	\$443,262	\$518,675	\$405,011	\$436,000	\$423,000
4. Consumed in Field Operations	\$7,946,235	\$7,453,016	\$4,874,853	\$4,240,000	\$4,240,000
5. Consumed in the Production of Natural Resources in the State of Louisiana	Negligible	Negligible	Negligible	Negligible	Negligible
6. Used in the Manufacture of Carbon Black	\$266,825	\$370,144	\$123,068	\$153,000	\$127,000
<b>Natural Gas Suspensions</b>					
7. Horizontal Wells	\$208,633,029	\$84,472,151	\$83,190,848	\$77,306,000	\$77,306,000
8. Inactive Wells	\$1,076,465	\$170,506	Negligible	Negligible	***
9. Deep Wells	\$1,171,092	\$10,107,072	\$3,202,373	\$451,000	\$451,000
<b>Natural Gas Special Rates</b>					
10. Incapable Oil-Well Gas	\$934,302	\$916,891	\$441,959	\$356,000	\$310,000
11. Incapable Gas-Well Gas	\$21,891,293	\$21,768,480	\$12,439,325	\$12,184,000	\$12,184,000
12. Orphan Wells	***	***	***	***	Unable to anticipate
13. Inactive Wells	***	***	***	***	Unable to anticipate
<b>Natural Gas Incentive</b>					
14. Produced Water Injection	Negligible	Negligible	Negligible	Negligible	Negligible
<b>Oil Deduction</b>					
15. Trucking, Barging, and Pipeline Fees	\$702,883	\$363,029	\$440,958	\$557,000	\$557,000
<b>Oil Suspensions</b>					
16. Horizontal Wells	\$31,170,602	\$11,872,434	\$9,292,722	\$4,287,000	\$3,430,000
17. Inactive Wells	\$31,758,884	\$5,969,788	\$413,089	Negligible	***
18. Deep Wells	\$2,792,382	\$11,081,247	\$4,532,839	\$1,450,000	\$986,000
19. Tertiary Recovery	\$21,544,117	\$13,097,821	\$15,880,871	\$15,283,000	\$15,283,000

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Oil Special Rates</b>					
20. Incapable Oil	\$10,109,196	\$5,192,613	\$4,993,718	\$4,804,000	\$4,612,000
21. Stripper Oil	\$36,409,826	\$19,512,184	\$19,012,314	\$18,669,000	\$18,296,000
22. Stripper Oil Value Less than \$20 per Barrel	\$0	Negligible	\$0	\$0	\$0
23. Orphan Wells	***	***	***	***	Unable to anticipate
24. Inactive Wells	***	***	***	***	Unable to anticipate
25. Salvage Oil	Negligible	\$176,558	\$0	\$0	\$0
26. Horizontal Mining and Drilling Projects	\$0	\$0	\$0	\$0	\$0
<b>Oil Incentive</b>					
27. Produced Water Injection	\$0	\$24,275	\$15,766	Negligible	Negligible
<b>Mineral Exemption</b>					
28. Owned and Severed by Political Subdivisions	\$0	\$0	\$0	\$0	\$0
<b>Rebates</b>					
29. Louisiana Mega - Project Energy Assistance	\$0	\$0	\$0	***	***
<b>Total State Revenue Loss</b>	<b>\$378,782,651</b>	<b>\$195,359,872</b>	<b>\$160,303,272</b>	<b>\$141,090,000</b>	<b>\$139,064,000</b>
<b>Federally Imposed Exemptions</b>					
30. U.S. Government Royalty - Gas Wells	\$400,585	\$234,803	\$124,004	\$143,000	\$114,000
31. U.S. Government Royalty - Oil Wells	\$550,702	\$361,777	\$263,538	\$573,000	\$573,000
<b>Total Revenue Loss from Federally Imposed Exemptions</b>	<b>\$951,287</b>	<b>\$596,580</b>	<b>\$387,542</b>	<b>\$716,000</b>	<b>\$687,000</b>
<b>Total Severance Tax Revenue Loss</b>	<b>\$379,733,938</b>	<b>\$195,956,452</b>	<b>\$160,690,814</b>	<b>\$141,806,000</b>	<b>\$139,751,000</b>

# Tax Incentives and Exemption Contracts

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
1. Atchafalaya Trace Heritage Area Development Zone Tax Exemption	Negligible	\$0	\$0	\$0	\$0
2. Brownfields Investor Tax Credit	\$450,106	\$34,670	\$17,652	\$40,000	Negligible
3. Cane River Heritage Tax Credit	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate
4. Louisiana Community Economic Development	\$12,854	\$0	\$0	***	***
5. Ports of Louisiana Tax Credits	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate
6. Motion Picture Investor Tax Credit	\$200,507,106	\$211,235,516	\$205,833,457	\$180,000,000	\$180,000,000
7. Research and Development Tax Credit	\$47,570,280	\$4,700,295	\$5,386,914	\$8,000,000	\$9,000,000
8. Digital Interactive Media & Software Tax Credit	\$12,090,705	\$10,946,339	\$9,885,415	\$30,000,000	\$50,000,000
9. Louisiana Motion Picture Incentive Program	\$1,081,375	\$73,381	\$0	***	***
10. Louisiana Capital Companies Tax Credit Program	\$16,034	\$3,588,383	\$18,626	Negligible	Negligible
11. New Markets Tax Credit	\$2,124,450	\$1,989,769	\$1,459,027	\$1,000,000	Unable to anticipate
12. University Research and Development Parks	Negligible	\$0	\$0	***	***
13. Industrial Tax Equalization Program	\$2,276,786	\$1,318,199	\$14,529,182	\$4,000,000	\$4,000,000
14. Exemptions for Manufacturing Establishments <sup>1</sup>	\$0	\$0	\$0	Unable to anticipate	\$1,500,000
15. Enterprise Zones	\$44,890,879	\$45,048,115	\$41,081,153	\$40,000,000	\$50,000,000
16. Sound Recording Investor Tax Credit	\$271,357	\$330,206	\$81,550	\$200,000	\$2,000,000
17. Urban Revitalization Tax Incentive Program	\$0	\$0	\$0	***	***
18. Mentor-Protégé Tax Credit	\$20,899	Negligible	Negligible	Unable to anticipate	Unable to anticipate
19. Technology Commercialization Credit Program	\$162,997	\$78,780	\$57,076	\$100,000	***
20. Angel Investor Tax Credit Program	\$1,015,903	\$536,475	\$1,535,732	\$2,000,000	\$3,000,000
21. Musical & Theatrical Productions Tax Credit	\$13,408,741	\$5,320,869	\$6,100,794	\$7,800,000	\$6,000,000
22. Retention and Modernization Credit	\$761,822	\$1,660,848	\$3,643,558	\$5,000,000	\$6,000,000
23. Green Jobs Industries Credit	***	***	***	***	***
24. Louisiana Quality Jobs Program	\$72,864,143	\$149,223,716	\$99,342,295	\$100,000,000	\$150,000,000
25. Corporate Tax Apportionment Program	\$0	\$0	\$0	***	***
26. Corporate Headquarters Relocation Program	\$0	\$0	\$0	***	***
27. Competitive Projects Payroll Incentive Program	\$53,625	\$0	\$0	\$400,000	\$500,000
28. Procurement Processing Company Rebate Program	\$0	\$204,154	\$4,211,331	\$11,500,000	\$15,000,000
<b>Total Tax Incentives and Exemption Contracts Revenue Loss</b>	<b>\$399,580,062</b>	<b>\$436,289,715</b>	<b>\$393,183,762</b>	<b>\$390,040,000</b>	<b>\$477,000,000</b>

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**Footnotes for Tax Incentives and Exemption Contracts**

1. FYE 6/15 amount was restated per a review of returns claiming the credit.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Gasoline Tax Exemptions</b>					
1. Casinghead Gasoline	NRR	NRR	NRR	NRR	NRR
2. Aviation Gasoline	\$147,700	\$145,631	\$142,673	\$147,000	\$144,000
<b>Gasoline Tax Refunds</b>					
3. School Bus Drivers	\$12,154	Negligible	Negligible	Negligible	Negligible
4. Farmers, Fishermen, and Aircraft	\$23,859	\$19,256	\$16,105	\$16,000	\$14,000
<b>Gasoline Tax Discount</b>					
5. Timely Filing and Payment by Suppliers <sup>1</sup>	\$6,953,078	\$2,799,935	\$2,412,108	\$2,596,000	\$2,596,000
<b>Diesel Tax Exemption</b>					
6. Dyed Diesel and Dyed Kerosene Gallons Removed for Non-Highway Purposes <sup>2</sup>	\$161,177,780	\$147,572,734	\$132,281,446	\$132,023,000	\$129,383,000
<b>Diesel Fuel Tax Refunds</b>					
7. School Bus Drivers	\$211,050	\$210,683	\$211,253	\$211,000	\$211,000
8. Diesel Fuels Used in Licensed Vehicles by Commercial Fishermen	\$0	\$0	\$0	\$0	\$0
9. Undyed Diesel Fuels Used for Nontaxable Purposes	NRR	\$611,790	\$603,765	\$604,000	\$604,000
<b>Diesel Fuels Tax Discount</b>					
10. Timely Filing and Payment by Suppliers <sup>1</sup>	\$2,087,852	\$795,192	\$700,331	\$707,000	\$686,000
<b>Special Fuels Tax Refunds</b>					
11. School Bus Drivers	***	\$0	\$0	\$0	\$0
<b>Special Fuels Tax Discount</b>					
12. Timely Filing and Payment by Dealers	***	Negligible	Negligible	Negligible	Negligible
<b>Inspection Fee Exemptions</b>					
13. Gasoline and Undyed Diesel Brought into Louisiana in Fuel Supply Tanks of Interstate Motor Fuel Users	\$32,793	\$48,930	\$42,912	\$39,000	\$42,000
14. Undyed Diesel Fuel Used by Commercial Fishermen	\$0	\$0	\$0	\$0	\$0
15. Diesel Fuels Used in or Distributed to Seagoing Vessels	\$950,094	\$849,632	\$721,592	\$634,000	\$602,000
16. Exports of Gasoline or Diesel Fuels	\$898,262	\$600,438	\$669,588	\$556,000	\$556,000
<b>Total State Revenue Loss</b>	<b>\$172,494,622</b>	<b>\$153,654,221</b>	<b>\$137,801,773</b>	<b>\$137,533,000</b>	<b>\$134,838,000</b>
<b>Federally Imposed Exemptions</b>					
17. Gasoline and Diesel Sales to Federal Government and its Agencies <sup>1</sup>	\$460,719	\$351,710	\$359,526	\$153,000	\$134,000
18. Interstate Gasoline and Diesel Shipments/Exports	\$93,496,720	\$89,977,153	\$102,203,389	\$87,193,000	\$102,015,000
<b>Total Revenue Loss from Federally Imposed Exemptions</b>	<b>\$93,957,439</b>	<b>\$90,328,863</b>	<b>\$102,562,915</b>	<b>\$87,346,000</b>	<b>\$102,149,000</b>
<b>Total Petroleum Tax Products Revenue Loss</b>	<b>\$266,452,061</b>	<b>\$243,983,084</b>	<b>\$240,364,688</b>	<b>\$224,879,000</b>	<b>\$236,987,000</b>

**Footnotes for Petroleum Products Tax**

1. The FYE 6-15 and 6-16 revenue loss for this credit has been restated to conform with the FYE 6-17 presentation.
2. The revenue loss for this exemption was not included in previous TEB reports.

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>Exemptions and Exclusions</b>					
1. Agricultural Cooperative, Farmer Credit, and Farmers' Credit Cooperative Associations	NRR	NRR	NRR	NRR	NRR
2. Cooperative Marketing Associations	NRR	NRR	NRR	NRR	NRR
3. Credit Unions	NRR	NRR	NRR	NRR	NRR
4. Limited Liability Companies	NRR	NRR	NRR	NRR	NRR
5. Certain Foreign Corporations	NRR	NRR	NRR	NRR	NRR
6. Electric Cooperatives	NRR	NRR	NRR	NRR	NRR
7. Certain Entities	NRR	NRR	NRR	NRR	NRR
8. Louisiana Community Development Financial Institutions	NRR	NRR	NRR	NRR	NRR
<b>Deductions</b>					
9. Bank-Holding Corporations	No data	No data	No data	No data	No data
10. Public-Utility Holding Corporations	No data	No data	No data	No data	No data
11. Public Water Utility Companies	No data	No data	No data	No data	No data
12. Members of Controlled Groups that Include a Telephone Corporation	No data	No data	No data	No data	No data
13. Regulated Utility Companies	No data	No data	No data	No data	No data
14. Holding Company	***	***	No data	No data	No data
<b>Credits</b>					
15. Donations to Assist Qualified Playgrounds	Negligible	\$0	\$0	\$0	\$0
16. Debt Issuance Costs	\$0	\$0	\$0	\$0	\$0
17. Donations to Public Elementary or Secondary Schools	\$0	\$0	\$11,016	\$0	\$0
18. Donations of Materials, Equipment, or Instructors Made to Certain Training Providers	\$0	\$0	\$0	\$0	\$0
19. Employment of the Previously Unemployed	\$0	\$0	\$0	\$0	\$0
20. Purchase of a Qualified Recycling Equipment	\$447,412	\$134,335	\$255,209	\$260,000	\$265,000
21. Louisiana Basic-Skills Training	\$0	\$0	\$0	\$0	\$0
22. Apprenticeship	\$185,118	\$61,701	\$39,919	\$30,000	\$30,000
23. Rehabilitation of Historic Structures	\$18,035,409	\$10,028,896	\$9,122,639	\$7,743,000	\$7,941,000

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
24. Louisiana Capital Investment Tax	\$0	\$0	\$0	\$0	\$0
25. Louisiana Community Development Financial Institutions Act	Negligible	\$0	\$0	\$0	\$0
26. Low-Income Housing	\$0	\$0	\$0	\$0	\$0
27. Inventory Tax/Ad Valorem Tax	See note 1	See note 1	See note 1	See note 1	See note 1
28. Ad Valorem Tax on Natural Gas	See note 1	See note 1	See note 1	See note 1	See note 1
29. Ad Valorem Tax on Offshore Vessels	See note 1	See note 1	See note 1	See note 1	See note 1
30. Ad Valorem Tax Paid by Certain Telephone Companies	See note 1	See note 1	See note 1	See note 1	See note 1
31. Purchases from Prison Industry Enhancement Contractors	See note 1	See note 1	See note 1	See note 1	See note 1
32. Sugarcane Transport	See note 1	See note 1	See note 1	See note 1	See note 1
33. Milk Producers	See note 1	See note 1	See note 1	See note 1	See note 1
34. School Readiness Child Care Provider	See note 1	See note 1	See note 1	See note 1	See note 1
35. School Readiness Business-Supported Child Care	See note 1	See note 1	See note 1	See note 1	See note 1
36. School Readiness Fees and Grants to Resource and Referral Agencies	See note 1	See note 1	See note 1	See note 1	See note 1
<b>Total Corporation Franchise Tax Revenue Loss</b>	<b>\$18,667,939</b>	<b>\$10,224,932</b>	<b>\$9,428,783</b>	<b>\$8,033,000</b>	<b>\$8,236,000</b>

**Footnotes for Corporation Franchise Tax**

1. The estimated revenue loss for these credits are included in the total revenue loss for corporation income tax.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Discounts</b>					
1. Tobacco Stamps	\$6,777,474	\$11,708,543	\$14,798,916	\$13,541,000	\$13,812,000
2. Timely Filing and Payment <sup>1</sup>	\$1,466,139	\$1,607,803	\$1,817,267	\$1,722,000	\$1,756,000
<b>Exemptions</b>					
3. Sales to State Institutions	NRR	NRR	NRR	NRR	NRR
<b>Refunds</b>					
4. Return of Taxable Cigarettes to the Manufacturer	\$121,854	\$432,823	\$405,463	\$357,000	\$350,000
5. Return of Taxable Product to the Manufacturer	###	###	###	###	###
6. Return of Taxable Vapor Product to the Manufacturer	Negligible	Negligible	Negligible	Negligible	Negligible
<b>Total State Revenue Loss</b>	<b>\$8,365,467</b>	<b>\$13,749,169</b>	<b>\$17,021,646</b>	<b>\$15,620,000</b>	<b>\$15,918,000</b>
<b>Federally Imposed Tax Exemptions</b>					
7. Sales to Federal Government and its Agencies	###	###	###	###	###
8. Interstate Shipments of Cigarettes <sup>2</sup>	\$74,135,148	\$165,006,787	\$170,264,049	\$135,773,000	\$133,058,000
9. Interstate Shipments of Tobacco Products	###	###	###	###	###
<b>Total Revenue Loss from Federally Imposed Exemptions</b>	<b>\$74,135,148</b>	<b>\$165,006,787</b>	<b>\$170,264,049</b>	<b>\$135,773,000</b>	<b>\$133,058,000</b>
<b>Other Exemptions<sup>1</sup></b>	<b>\$12,749,572</b>	<b>\$11,630,119</b>	<b>\$11,834,506</b>	<b>\$11,302,000</b>	<b>\$11,302,000</b>
<b>Total Tobacco Tax Revenue Loss</b>	<b>\$95,250,187</b>	<b>\$190,386,075</b>	<b>\$199,120,201</b>	<b>\$162,695,000</b>	<b>\$160,278,000</b>

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**Footnotes for Tobacco Tax**

### Included in the row labeled Other Exemptions.

- The FYE 6-15 and 6-16 revenue loss for this credit has been restated to conform with the FYE 6-17 presentation.
- The FYE 6-15 revenue loss for this credit has been restated to conform with the FYE 6-17 presentation.



Exemptions		FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Public Utilities and Carriers Taxes</b>						
<b>Inspection and Supervision Fee</b>						
1.	Ten-Mile Zone	NRR	NRR	NRR	NRR	NRR
2.	Power Cost	NRR	NRR	NRR	NRR	NRR
<b>Transportation and Communications Tax</b>						
3.	Seven-Mile Zone	\$2,831,000	\$1,906,620	\$1,404,927	\$1,738,000	\$1,738,000
<b>Total Public Utilities and Carriers Taxes Revenue Loss</b>		<b>\$2,831,000</b>	<b>\$1,906,620</b>	<b>\$1,404,927</b>	<b>\$1,738,000</b>	<b>\$1,738,000</b>
<b>Telecommunication Tax</b>						
4.	Timely Filing and Payment <sup>1</sup>	\$11,356	Negligible	\$11,597	\$125,000	\$168,000
<b>Hazardous Waste Disposal Tax</b>						
5.	Timely Filing and Payment <sup>1</sup>	\$11,420	\$16,564	\$14,024	\$13,000	\$13,000
<b>Total Miscellaneous Tax Revenue Loss</b>		<b>\$2,853,776</b>	<b>\$1,923,184</b>	<b>\$1,430,548</b>	<b>\$1,876,000</b>	<b>\$1,919,000</b>

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**Footnotes for Miscellaneous Tax**

1. The FYE 6-15 and 6-16 revenue loss for these credits has been restated to conform with the FYE 6-17 presentation.

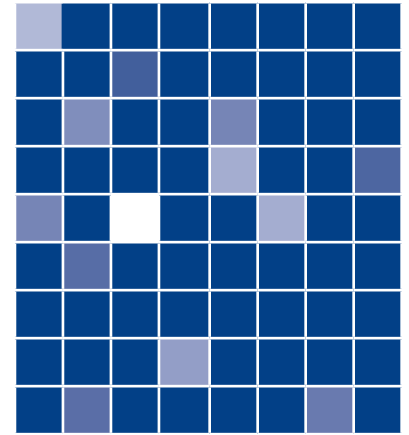
Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Low Alcohol Beverage Tax Discount</b>					
1. Timely Filing and Payment <sup>1</sup>	\$682,311	\$673,897	\$619,997	\$722,000	\$708,000
<b>Low Alcohol and Malt Beverages, Liquor and Wine Tax Refund/Credit</b>					
2. Products Returned to Manufacturer or Destroyed by a Dealer	\$140,880	\$236,912	\$422,874	\$145,000	\$145,000
<b>Liquor and Wine Tax Exemptions</b>					
3. Antiseptic, Scientific, Religious, and Chemical Uses	NRR	NRR	NRR	NRR	NRR
<b>Liquor and Wine Tax Discount</b>					
4. Timely Filing and Payment <sup>1</sup>	\$810,190	\$851,380	\$925,006	\$868,000	\$885,000
<b>Total State Revenue Loss</b>	<b>\$1,633,381</b>	<b>\$1,762,189</b>	<b>\$1,967,877</b>	<b>\$1,735,000</b>	<b>\$1,738,000</b>
<b>Federally Imposed Tax Exemptions</b>					
<b>Low Alcohol Beverage Tax Exemptions</b>					
5. Interstate Shipments	\$986,250	\$889,990	\$1,093,529	\$960,000	\$960,000
6. Sales to Federal Government and its Agencies	\$124,800	\$137,859	\$181,107	\$180,000	\$180,000
7. Sales to Ships Engaged in Interstate or Foreign Commerce	Negligible	Negligible	Negligible	Negligible	Negligible
<b>Liquor and Wine Tax Exemptions</b>					
8. Interstate Shipments of Alcoholic Beverages	\$22,390	\$18,893	\$32,435	\$20,000	\$20,000
9. Foreign Consul and Foreign Commerce	Negligible	Negligible	Negligible	Negligible	Negligible
10. Sales to the Federal Government and its Agencies	\$13,660	\$17,443	\$43,953	\$41,000	\$41,000
<b>Total Revenue Loss from Federally Imposed Exemptions</b>	<b>\$1,147,100</b>	<b>\$1,064,185</b>	<b>\$1,351,024</b>	<b>\$1,201,000</b>	<b>\$1,201,000</b>
<b>Total Liquors - Alcoholic Beverages Tax Revenue Loss</b>	<b>\$2,780,481</b>	<b>\$2,826,374</b>	<b>\$3,318,901</b>	<b>\$2,936,000</b>	<b>\$2,939,000</b>

**Footnotes for Liquors Tax**

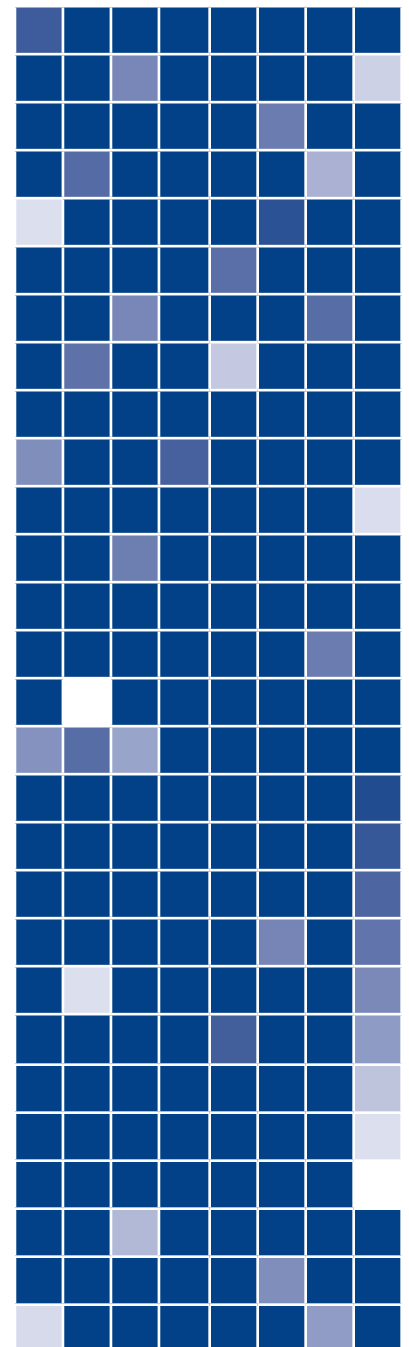
1. The FYE 6-15 and 6-16 revenue loss for these credits has been restated to conform with the FYE 6-17 presentation.



# Tax Exemptions by Classification - Five-Year Estimated Revenue Loss



Part 5





Tax Exemptions by Classification

Summary

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
Agricultural/Rural	\$ 1,365,653	\$ 869,936	\$ 903,047	\$ 920,000	\$ 937,000
Business Environment <sup>1</sup>	1,373,691,341	761,189,065	814,451,088	833,234,000	936,154,000
Dealers and Vendors Compensation and Discounts <sup>2</sup>	44,682,737	42,619,682	40,225,856	39,599,000	40,315,000
Educational Breaks for Educational Institutions	15,767,664	14,772,229	16,455,456	16,294,000	16,619,000
Educational Breaks for Individuals <sup>1</sup>	46,672,252	40,451,851	41,242,464	37,114,000	38,397,000
Louisiana Constitutional Mandates	2,271,567,927	2,322,950,856	2,523,610,571	2,574,082,000	2,290,591,000
Non-Itemized Sales and Use Tax Exclusions and Exemptions	910,439,310	820,009,569	205,977,844	221,994,000	197,923,000
Normal Tax Structure <sup>1,2</sup>	1,804,184,006	1,357,963,550	1,669,581,246	1,625,764,000	1,587,265,000
Retirement, Disability, and Military	249,290,376	262,329,403	265,351,381	270,658,000	276,072,000
Sales Tax - Alternative Reporting Methods or Statutorily Prescribed Methods of Taxation	0	0	0	0	0
Specialty Sales Tax Exemptions	6,436,085	7,108,243	9,726,623	8,787,000	8,730,000
Tax Incentives and Exemption Contracts <sup>2</sup>	467,950,576	495,825,223	485,987,165	468,958,000	557,937,000
Miscellaneous <sup>2</sup>	868,255,103	854,847,003	843,842,268	852,280,000	858,651,000
<b>Summary of Total Revenue Loss by Classification</b>	<b>\$ 8,060,303,030</b>	<b>\$ 6,980,936,610</b>	<b>\$ 6,917,355,009</b>	<b>\$ 6,949,684,000</b>	<b>\$ 6,809,591,000</b>

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Due to the potential of taxpayer reporting errors on Form R-1029, Louisiana Department of Revenue Sales Tax Return, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

Footnotes for Summary
1. The FYE 6-16 revenue loss has been revised in order to reflect the correct revenue loss.
2. The FYE 6-15 and 6-16 revenue loss have been restated to conform with the FYE 6-17 presentation.

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>Individual Income Tax</b>					
34. Gasoline & Special Fuels Taxes for Commercial Fisherman	\$10,043	Negligible	Negligible	Negligible	Negligible
69. Sugarcane Transport	\$0	***	***	***	***
71. Milk Producers	\$986,250	\$737,778	\$778,798	\$794,000	\$810,000
<b>Petroleum Products</b>					
4. Farmers, Fishermen, and Aircraft	\$23,859	\$19,256	\$16,105	\$16,000	\$14,000
8. Diesel Fuels Used in Licensed Vehicles by Commercial Fishermen	\$0	\$0	\$0	\$0	\$0
14. Undyed Diesel Fuel Used by Commercial Fisherman	\$0	\$0	\$0	\$0	\$0
<b>Corporation Franchise Tax</b>					
1. Agricultural Cooperative, Farmer Credit, and Farmers' Credit Cooperative Associations	NRR	NRR	NRR	NRR	NRR
2. Cooperative Marketing Associations	NRR	NRR	NRR	NRR	NRR
32. Sugarcane Transport	See note 1	See note 1	See note 1	See note 1	See note 1
33. Milk Producers	See note 1	See note 1	See note 1	See note 1	See note 1
<b>Corporation Income Tax</b>					
46. Sugarcane Transport <sup>2</sup>	\$208,001	***	***	***	***
48. Milk Producers <sup>2</sup>	\$137,500	\$112,902	\$108,144	\$110,000	\$113,000
<b>Total Agricultural/Rural Revenue Loss</b>	<b>\$1,365,653</b>	<b>\$869,936</b>	<b>\$903,047</b>	<b>\$920,000</b>	<b>\$937,000</b>

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<p><b>Footnote for Agricultural/Rural</b></p> <p>1. The estimated revenue loss for these credits are included in the total revenue loss for corporate income tax.</p> <p>2. The estimated revenue loss for these credits includes the total revenue loss for corporate income and franchise taxes.</p>
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<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>BUSINESS ENVIRONMENT- GENERAL</b>					
<b>Corporation Franchise Tax</b>					
3. Credit Unions	NRR	NRR	NRR	NRR	NRR
4. Limited Liability Companies	NRR	NRR	NRR	NRR	NRR
5. Certain Foreign Corporations	NRR	NRR	NRR	NRR	NRR
6. Electric Cooperatives	NRR	NRR	NRR	NRR	NRR
7. Certain Entities	NRR	NRR	NRR	NRR	NRR
9. Bank-Holding Corporations	No data	No data	No data	No data	No data
10. Public-Utility Holding Corporations	No data	No data	No data	No data	No data
11. Public Water Utility Companies	No data	No data	No data	No data	No data
12. Members of Controlled Groups that Include a Telephone Corporation	No data	No data	No data	No data	No data
13. Regulated Utility Companies	No data	No data	No data	No data	No data
14. Holding Company	***	***	No data	No data	No data
<b>Corporation Income Tax</b>					
1. Credit Unions	NRR	NRR	NRR	NRR	NRR
2. Certain Foreign Corporations	NRR	NRR	NRR	NRR	NRR
3. Electric Cooperatives	NRR	NRR	NRR	NRR	NRR
4. State Banking Corporations and Shareholders	NRR	NRR	NRR	NRR	NRR
5. Dividends from National Banking Corporations and State Banking Corporations	NRR	NRR	NRR	NRR	NRR
7. Certain Exempt Entities	NRR	NRR	NRR	NRR	NRR
12. Percentage Depletion	No data	No data	No data	No data	No data
33. Certain Refunds Issued by Utilities	\$0	\$0	\$0	\$0	\$0
<b>Miscellaneous Tax</b>					
1. Ten-Mile Zone	NRR	NRR	NRR	NRR	NRR
2. Power Cost	NRR	NRR	NRR	NRR	NRR
3. Seven-Mile Zone	\$2,831,000	\$1,906,620	\$1,404,927	\$1,738,000	\$1,738,000



Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Petroleum Products Tax</b>					
1. Casinghead Gasoline	NRR	NRR	NRR	NRR	NRR
2. Aviation Gasoline	\$147,700	\$145,631	\$142,673	\$147,000	\$144,000
6. Dyed Diesel and Dyed Kerosene Gallons Removed for Non-Highway Purposes <sup>3</sup>	\$161,177,780	\$147,572,734	\$132,281,446	\$132,023,000	\$129,383,000
9. Undyed Diesel Fuels Used for Nontaxable Purposes	NRR	\$611,790	\$603,765	\$604,000	\$604,000
<b>Sales Tax</b>					
9. Manufacturers Rebates on New Motor Vehicles	\$16,172,513	\$12,507,858	\$12,716,717	\$12,971,000	\$17,295,000
31. Purchases of Automobiles for Lease or Rental	\$54,079,628	\$61,668,309	\$72,866,006	\$74,323,000	\$59,458,000
73. Used Manufactured Homes and 54 Percent of Cost of New Manufactured Homes	\$7,544,868	\$7,921,232	\$10,755,836	\$10,971,000	\$8,777,000
157. Certain Trucks and Trailers Used 80% in Interstate Commerce	\$19,515,678	\$15,495,399	\$16,005,008	\$16,325,000	\$13,060,000
158. Certain Contract Carrier Buses Used 80% in Interstate Commerce	See number 157	See number 157	See number 157	See number 157	See number 157
<b>Severance Tax</b>					
1. Injection	\$1,914,163	\$2,255,685	\$1,007,915	\$902,000	\$839,000
3. Flared or Vented	\$443,262	\$518,675	\$405,011	\$436,000	\$423,000
<b>Total Business Environment - General Revenue Loss</b>	<b>\$263,826,592</b>	<b>\$250,603,933</b>	<b>\$248,189,304</b>	<b>\$250,440,000</b>	<b>\$231,721,000</b>

**BUSINESS ENVIRONMENT - INVENTORY TAX/AD VALOREM TAX**

<b>Corporation Franchise Tax</b>					
27. Inventory Tax/Ad Valorem Tax	See note 1	See note 1	See note 1	See note 1	See note 1
28. Ad Valorem Tax on Natural Gas	See note 1	See note 1	See note 1	See note 1	See note 1
29. Ad Valorem Tax on Offshore Vessels	See note 1	See note 1	See note 1	See note 1	See note 1
30. Ad Valorem Tax Paid by Certain Telephone Companies	See note 1	See note 1	See note 1	See note 1	See note 1
<b>Corporation Income Tax</b>					
40. Inventory Tax/Ad Valorem Tax <sup>2</sup>	\$556,413,793	\$210,007,000	\$293,055,246	\$298,916,000	\$304,895,000
41. Ad Valorem Tax on Natural Gas <sup>2</sup>	\$7,873,032	\$2,135,428	\$6,138,905	\$6,262,000	\$6,387,000

**Footnotes for Business Environment**

1. The estimated revenue loss for these credits are included in the total revenue loss for corporate income tax.
2. The estimated revenue loss for these credits includes the total revenue loss for corporate income and franchise taxes.
3. The revenue loss for this exemption was not listed in previous TEB reports.

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
42. Ad Valorem Tax on Offshore Vessels <sup>1</sup>	\$41,589,804	\$28,664,406	\$31,655,956	\$32,289,000	\$32,935,000
43. Ad Valorem Tax Paid by Certain Telephone Companies <sup>1</sup>	\$28,723,996	\$6,299,521	\$13,927,894	\$20,000,000	\$20,400,000
<b>Individual Income Tax</b>					
63. Inventory Tax /Ad Valorem Tax <sup>2</sup>	\$13,978,169	\$15,677,121	\$19,644,299	\$20,037,000	\$20,438,000
64. Ad Valorem Tax on Natural Gas <sup>2</sup>	\$49,301	Negligible	\$0	Negligible	Negligible
65. Ad Valorem Tax on Offshore Vessels	\$34,677,871	\$6,444,872	\$23,021,043	\$23,481,000	\$23,951,000
66. Ad Valorem Tax Paid by Certain Telephone Companies	\$0	\$0	\$0	\$0	\$0
<b>Total Business Environment - Inventory Tax/Ad Valorem Tax Revenue Loss</b>	<b>\$683,305,966</b>	<b>\$269,228,348</b>	<b>\$387,443,343</b>	<b>\$400,985,000</b>	<b>\$409,006,000</b>

<b>BUSINESS ENVIRONMENT-BUSINESS UTILITIES SALES TAX</b>					
<b>Sales Tax</b>					
13. Purchases of Electric Power and Natural Gas by Paper or Wood Products Manufacturing Facilities	See number 105	See number 105	\$2,052,237	\$2,093,000	\$4,186,000
33. Natural Gas Used in the Production of Iron	See number 105	See number 105	\$0	\$0	\$0
34. Electricity for Chlor-Alkali Manufacturing Process	See number 105	See number 105	\$4,794,208	\$4,890,000	\$9,780,000
103. Sales of Steam-Nonresidential	See number 104	See number 104	See number 104	See number 104	See number 104
104. Sales of Water-Nonresidential	\$6,653,905	\$6,578,071	\$1,518,102	\$1,548,000	\$4,902,000
105. Sales of Electric Power or Energy-Nonresidential	\$336,618,617	\$138,288,865	\$45,681,993	\$46,596,000	\$147,554,000
107. Sales of Natural Gas - Nonresidential	See number 105	See number 105	See number 105	See number 105	See number 105
162. Utilities Used by Steelworks and Blast Furnaces	See number 105	See number 105	See number 105	See number 105	See number 105
<b>Total Business Environment - Business Utilities Sales Tax Revenue Loss</b>	<b>\$343,272,522</b>	<b>\$144,866,936</b>	<b>\$54,046,540</b>	<b>\$55,127,000</b>	<b>\$166,422,000</b>

<b>BUSINESS ENVIRONMENT-DIRECT INPUTS AND CONSUMABLES</b>					
<b>Sales Tax</b>					
67. Surface Preparation, Coating and Painting of Certain Aircraft	***	***	***	\$120,000	\$96,000
109. Trucks, Automobiles, and New Aircraft Removed from Inventory for Use as Demonstrators	No data	No data	No data	No data	No data
<b>Severance Tax</b>					
4. Consumed in Field Operations	\$7,946,235	\$7,453,016	\$4,874,853	\$4,240,000	\$4,240,000
5. Consumed in the Production of Natural Resources in the State of Louisiana	Negligible	Negligible	Negligible	Negligible	Negligible
6. Used in the Manufacture of Carbon Black	\$266,825	\$370,144	\$123,068	\$153,000	\$127,000

<b>Footnotes for Business Environment</b>					
1. The estimated revenue loss for these credits includes the total revenue loss for corporate income and franchise taxes.					
2. The FYE 6-16 revenue loss has been revised in order to reflect the correct revenue loss.					

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>Total Business Environment - Direct Inputs and Consumables Revenue Loss</b>	<b>\$8,213,060</b>	<b>\$7,823,160</b>	<b>\$4,997,921</b>	<b>\$4,513,000</b>	<b>\$4,463,000</b>
<b>BUSINESS ENVIRONMENT-MANUFACTURING MACHINERY AND EQUIPMENT</b>					
<b>Sales Tax</b>					
11. Purchases of Manufacturing Machinery and Equipment	\$75,073,201	\$88,666,688	\$110,611,656	\$112,824,000	\$115,080,000
12. Purchases of Certain Machinery and Equipment Used to Produce a News Publication	See number 11	See number 11	See number 11	See number 11	See number 11
14. Purchases of Consumables by Paper and Wood Manufacturers and Loggers	See number 11	See number 11	\$339,375	\$346,000	\$692,000
24. Property Used in the Manufacture, Production, or Extraction of Unblended Diesel	See number 11	See number 11	\$12,693	\$13,000	\$26,000
58. First \$50,000 of New Farm Equipment Used in Poultry Production	See number 11	See number 11	See number 141	See number 141	See number 141
78. Purchases by Motor Vehicle Manufacturers	See number 11	See number 11	See number 11	See number 11	See number 11
79. Purchases by Glass Manufacturers	See number 11	See number 11	See number 11	See number 11	See number 11
80. Purchases of Machinery and Equipment by Owners of Certain Radio Stations	See number 11	See number 11	Negligible	Negligible	Negligible
81. Purchases of Machinery and Equipment by Certain Utilities	See number 11	See number 11	\$1,324,615	\$1,351,000	\$2,702,000
141. First \$50,000 of the Sales Price of Certain Rubber-Tired Farm Equipment and Attachments	See number 11	See number 11	\$7,485,641	\$7,635,000	\$6,042,000
<b>Total Business Environment - Manufacturing Machinery and Equipment Revenue Loss</b>	<b>\$75,073,201</b>	<b>\$88,666,688</b>	<b>\$119,773,980</b>	<b>\$122,169,000</b>	<b>\$124,542,000</b>
<b>Total Business Environment Revenue Loss</b>	<b>\$1,373,691,341</b>	<b>\$761,189,065</b>	<b>\$814,451,088</b>	<b>\$833,234,000</b>	<b>\$936,154,000</b>

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Liquor Tax</b>					
1. Timely Filing and Payment (Low Alcohol) <sup>1</sup>	\$682,311	\$673,897	\$619,997	\$722,000	\$708,000
4. Timely Filing and Payment (Liquor and Wine) <sup>1</sup>	\$810,190	\$851,380	\$925,006	\$868,000	\$885,000
<b>Miscellaneous Tax</b>					
4. Timely Filing and Payment (Telecommunications) <sup>1</sup>	\$11,356	Negligible	\$11,597	\$125,000	\$168,000
5. Timely Filing and Payment (Hazardous Waste Disposal) <sup>1</sup>	\$11,420	\$16,564	\$14,024	\$13,000	\$13,000
<b>Petroleum Products</b>					
5. Timely Filing and Payment by Suppliers (Gasoline) <sup>1</sup>	\$6,953,078	\$2,799,935	\$2,412,108	\$2,596,000	\$2,596,000
10. Timely Filing and Payment by Suppliers (Diesel) <sup>1</sup>	\$2,087,852	\$795,192	\$700,331	\$707,000	\$686,000
12. Timely Filing and Payment by Dealers (Special Fuels)	***	Negligible	Negligible	Negligible	Negligible
<b>Tobacco Tax</b>					
1. Tobacco Stamps	\$6,777,474	\$11,708,543	\$14,798,916	\$13,541,000	\$13,812,000
2. Timely Filing and Payment <sup>1</sup>	\$1,466,139	\$1,607,803	\$1,817,267	\$1,722,000	\$1,756,000
<b>Sales Tax</b>					
190. Vendor's Compensation	\$25,882,917	\$24,166,368	\$18,926,610	\$19,305,000	\$19,691,000
<b>Total Dealers and Vendors Compensation and Discounts Revenue Loss</b>	<b>\$44,682,737</b>	<b>\$42,619,682</b>	<b>\$40,225,856</b>	<b>\$39,599,000</b>	<b>\$40,315,000</b>

**Footnotes for Dealers and Vendors Compensation and Discounts**

1. The FYE 6-15 and 6-16 revenue loss has been restated in order to conform with the FYE 6-17 presentation.

# Educational Breaks for Educational Institutions

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Corporation Franchise Tax</b>					
17. Donations to Public Elementary or Secondary Schools	\$0	\$0	\$11,016	\$0	\$0
18. Donations of Materials, Equipment, or Instructors Made to Certain Training Providers	\$0	\$0	\$0	\$0	\$0
34. School Readiness Child Care Provider	See note 1	See note 1	See note 1	See note 1	See note 1
35. School Readiness Business-Supported Child Care	See note 1	See note 1	See note 1	See note 1	See note 1
36. School Readiness Fees and Grants to Resource & Referral Agencies	See note 1	See note 1	See note 1	See note 1	See note 1
<b>Corporation Income Tax</b>					
21. Contribution of Tangible Property of a Sophisticated and Technological Nature to Educational Institutions	\$0	\$0	\$470,392	Unable to anticipate	Unable to anticipate
23. Donations to Public Elementary or Secondary Schools	\$0	\$0	\$0	\$0	\$0
26. Donations of Materials, Equipment, or Instructors Made to Certain Training Providers	\$0	\$0	\$0	\$0	\$0
50. School Readiness Child Care Provider <sup>2</sup>	\$2,388,761	\$2,112,961	\$2,210,866	\$2,255,000	\$2,300,000
51. School Readiness Business-Supported Child Care <sup>2</sup>	\$341,917	\$139,225	\$298,819	\$305,000	\$311,000
52. School Readiness Fees and Grants to Resource and Referral Agencies Credit <sup>2</sup>	\$187,921	\$187,342	\$260,121	\$265,000	\$271,000
<b>Individual Income Tax</b>					
29. Contribution of Tangible Property of a Sophisticated and Technological Nature to Educational Institutions	\$1,411,309	\$894,438	\$734,392	\$749,000	\$764,000
46. Donations of Materials, Equipment, or Instructors Made to Certain Training Providers	\$48,048	Negligible	Negligible	Negligible	Negligible
74. School Readiness Child Care Provider	\$2,256,055	\$2,138,664	\$2,774,262	\$2,830,000	\$2,886,000
75. School Readiness Child Care Directors and Staff	\$8,158,998	\$8,580,787	\$8,895,807	\$9,074,000	\$9,255,000
76. School Readiness Business-Supported Child Care	\$215,361	\$179,634	\$175,646	\$179,000	\$183,000
77. School Readiness Fees & Grants to Resource & Referral Agencies	\$759,294	\$539,178	\$624,135	\$637,000	\$649,000
<b>Total Educational Breaks for Educational Institutions Revenue Loss</b>	<b>\$15,767,664</b>	<b>\$14,772,229</b>	<b>\$16,455,456</b>	<b>\$16,294,000</b>	<b>\$16,619,000</b>

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### Footnotes for Educational Breaks for Educational Institutions

1. The estimated revenue loss for these credits are included in the total revenue loss for corporate income tax.
2. The estimated revenue loss for these credits includes the total revenue loss for corporate income and franchise taxes.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Corporation Income Tax</b>					
39. Donations to School Tuition Organization (credit)	***	***	***	***	Unable to anticipate
53. Donations to School Tuition Organization (rebate)	\$60,975	\$211,661	\$1,207,522	\$2,769,000	\$3,077,000
<b>Individual Income Tax</b>					
18. START Savings Program Contribution	\$2,137,671	\$2,228,981	\$2,310,976	\$2,357,000	\$2,404,000
20. Teachers <sup>1</sup>	Negligible	***	***	***	***
24. Elementary & Secondary School Tuition	\$21,374,514	\$21,493,926	\$20,766,887	\$21,182,000	\$21,606,000
25. Educational Expenses for Home-Schooled Children	\$228,750	\$261,344	\$272,784	\$278,000	\$284,000
26. Fees and Other Educational Expenses for a Quality Public Education	\$2,855,240	\$3,061,098	\$2,807,964	\$2,864,000	\$2,921,000
32. Education	\$16,476,887	\$9,751,540	\$9,358,176	\$600,000	\$500,000
38. Educational Expense Incurred for a Degree Related to Law Enforcement	\$76,834	\$32,645	\$18,112	\$18,000	\$19,000
58. Donations to School Tuition Organization (credit)	***	***	***	***	Unable to anticipate
73. School Readiness Child Care	\$3,238,177	\$3,098,313	\$2,356,523	\$2,404,000	\$2,452,000
78. Donations to School Tuition Organization (rebate)	\$0	\$101,660	\$1,932,267	\$4,431,000	\$4,923,000
<b>Petroleum Products</b>					
3. School Bus Drivers (Gasoline)	\$12,154	Negligible	Negligible	Negligible	Negligible
7. School Bus Drivers (Diesel)	\$211,050	\$210,683	\$211,253	\$211,000	\$211,000
11. School Bus Drivers (Special Fuels)	***	\$0	\$0	\$0	\$0
<b>Total Educational Breaks for Individuals Revenue Loss</b>	<b>\$46,672,252</b>	<b>\$40,451,851</b>	<b>\$41,242,464</b>	<b>\$37,114,000</b>	<b>\$38,397,000</b>

**Footnotes for Education Breaks for Individuals**

1. The FYE 6-16 revenue loss has been revised in order to reflect the correct revenue loss.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Corporation Income Tax</b>					
54. Federal Income Tax Deduction <sup>1</sup>	\$142,282,613	\$175,463,993	\$203,312,713	\$207,379,000	\$211,527,000
<b>Individual Income Tax</b>					
79. Federal Income Tax Deduction	\$879,742,313	\$870,033,014	\$827,550,367	\$844,101,000	\$860,983,000
<b>Sales Tax</b>					
200. Credit for Use Tax Paid on Automobiles Imported by Certain Members of the Armed Services	No data	No data	No data	No data	No data
201. Use of Vehicles in Louisiana by Active Military Personnel	No data	No data	No data	No data	No data
202. Sales of Food for Preparation and Consumption in the Home	\$428,176,734	\$424,070,647	\$409,881,824	\$418,079,000	\$334,463,000
203. Sales of Electric Power or Energy to the Consumer for Residential Use	\$161,183,715	\$166,725,153	\$214,842,013	\$219,139,000	\$175,311,000
204. Sales of Natural Gas to the Consumer for Residential Use	See number 203	See number 203	See number 203	See number 203	See number 203
205. Sales of Water to the Consumer for Residential Use	See number 203	See number 203	See number 203	See number 203	See number 203
206. Drugs Prescribed by Physicians or Dentists	\$300,820,341	\$358,956,487	\$477,543,068	\$487,094,000	\$389,675,000
207. Sales of Gasoline, Gasohol, and Diesel	\$359,362,211	\$327,701,562	\$390,480,586	\$398,290,000	\$318,632,000
<b>Total Louisiana Constitutional Mandates Revenue Loss</b>	<b>\$2,271,567,927</b>	<b>\$2,322,950,856</b>	<b>\$2,523,610,571</b>	<b>\$2,574,082,000</b>	<b>\$2,290,591,000</b>

**Footnotes for Louisiana Constitutional Mandates**

1. The revenue loss for this exemption does not include any loss from amended returns filed during FYE 6-15 and 6-16. The revenue loss for FYE 6-17 includes original returns and amended returns on original returns filed on or after July 1, 2013.

Tax Exemptions by Classification **Non-Itemized Sales and Use Tax Exclusions and Exem.**

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>Sales Tax</b>					
1. Purchases by Pari-Mutuel Horse Racetracks	###	###	\$44,193	\$45,000	\$90,000
2. Purchases by Off-Track Wagering Facilities	###	###	Negligible	Negligible	Negligible
3. Purchases by Louisiana Insurance Guaranty Association	###	###	Negligible	Negligible	Negligible
4. Purchases, Services and Rentals on Construction or Operation of Sewerage or Waste Water Treatment Facilities	###	###	\$147,967	\$151,000	\$302,000
5. Isolated or Occasional Sales of Tangible Personal Property	###	###	\$171,303	\$175,000	\$140,000
6. Installation Charges on Tangible Personal Property	###	###	\$26,478,147	\$27,008,000	\$21,606,000
7. Separately Stated Labor Charges on Property Repaired Out-of-State	###	###	\$40,741	\$42,000	\$84,000
8. Installation of Board Roads to Oilfield Operators	###	###	\$43,867	\$45,000	\$36,000
10. Manufacturers Rebates Paid Directly to a Dealer	###	###	\$37,835	\$39,000	\$78,000
15. Room Rentals at Camp and Retreat Facilities	###	###	\$29,023	\$30,000	\$24,000
16. Room Rentals at Certain Homeless Shelters	\$0	\$0	\$0	\$0	\$0
17. Rentals or Leases of Certain Oilfield Property to be Re-Leased or Re-Rented	###	###	\$191,366	\$195,000	\$390,000
18. Certain Transactions Involving the Construction or Overhaul of U.S. Navy Vessels	###	###	\$55,553	\$57,000	\$46,000
19. Rental or Purchase of Airplanes or Airplane Equipment and Parts by Louisiana Domiciled Commuter Airlines	###	###	\$0	\$0	\$0
20. Purchases, Leases and Sales of Services by Free Hospitals	###	###	\$3,054,649	\$3,116,000	\$2,493,000
21. Certain Educational Materials and Equipment Used for Classroom Instruction	###	###	\$816,847	\$833,000	\$666,000
22. Sales and Rentals to Boys State of La., Inc. and Girls State of La., Inc.	###	###	Negligible	Negligible	Negligible
23. Vehicle Rentals for Re-Rent to Warranty Customers	###	###	\$142,207	\$145,000	\$116,000
25. Leases or Rentals of Pallets Used in Packaging Products Produced by a Manufacturer	###	###	Negligible	Negligible	Negligible
26. Purchases by Regionally Accredited Independent Educational Institutions	###	###	\$792,811	\$809,000	\$1,079,000
30. Purchases by Nonprofit Entities that Sell Donated Goods	###	###	\$1,153,875	\$1,177,000	\$942,000
35. Sales of Human-Tissue Transplants	###	###	\$2,519,089	\$2,569,000	\$2,055,000
36. Sales of Raw Agricultural Commodities	###	###	\$17,161,045	\$17,504,000	\$14,003,000
38. Sales of Food Items by Youth Organizations	###	###	\$190,050	\$194,000	\$155,000

**Footnotes for Non-Itemized Sales and Use Tax Exclusions and Exem.**  
 ### Included in the row labeled Other Exemptions.

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Tax Exemptions by Classification **Non-Itemized Sales and Use Tax Exclusions and Exem.**

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
40. Tangible Personal Property Sold or Donated to Food Banks	###	###	Negligible	Negligible	Negligible
41. Pollution Control Devices and Systems	###	###	\$2,062,409	Unable to anticipate	Unable to anticipate
42. Certain Aircraft Assembled in Louisiana	###	###	\$0	\$0	\$0
43. Pelletized Paper Waste Used in a Permitted Boiler	###	###	\$0	\$0	\$0
44. Purchases of Equipment by Bonafide Volunteer and Public Fire Department	###	###	\$342,275	\$349,000	\$279,000
45. Sales of Telephone Directories by Advertising Companies	###	###	Negligible	Negligible	Negligible
46. Sales of Cellular Telephones and Electronic Accessories	###	###	No data	No data	No data
49. Donation of Toys	###	###	Negligible	Negligible	Negligible
51. Purchases by a Private Postsecondary Academic Degree-Granting Institution	###	###	Negligible	Negligible	Negligible
52. Purchases of Food Items for School Lunch or Breakfast Programs by Nonpublic Elementary or Secondary Schools	###	###	\$57,486	\$59,000	\$47,000
53. Purchases of Storm Shutter Devices	###	###	\$16,421	\$17,000	\$34,000
54. Sales of Tangible Personal Property by the Louisiana Military Department	###	###	\$0	\$0	\$0
55. Sales of Anthropogenic Carbon Dioxide Use in Qualified Tertiary Recovery Projects	###	###	\$0	\$0	\$0
56. Qualifying Events Providing Louisiana Heritage, Culture, Crafts, Art, Food and Music Sponsored by a Domestic Nonprofit Organization	###	###	Negligible	Negligible	Negligible
57. Articles Traded in on Tangible Personal Property	###	###	\$858,236	\$875,000	\$700,000
59. Specialty Mardi Gras Items Sold by Certain Organizations	###	###	\$350,655	\$358,000	\$716,000
60. Admissions Charges to Athletic Events of Colleges and Universities	###	###	\$362,466	\$370,000	\$740,000
61. Admissions Charges to Athletic Events and Entertainment Events of Elementary and Secondary Schools	###	###	\$1,235,873	\$1,261,000	\$1,009,000
62. Membership Fees or Dues of Nonprofit or Civic Organizations	###	###	\$374,829	\$382,000	\$306,000
63. Admissions to Museums	###	###	\$983,070	\$1,003,000	\$2,006,000
64. Admissions to Places of Amusement at Camp or Retreat Facilities	###	###	\$53,234	\$54,000	\$108,000
65. Repair Services Performed in Louisiana when the Repaired Property is Exported	###	###	\$1,626,808	\$1,659,000	\$2,212,000
66. Repairs, Renovations or Conversions of Drilling Rigs	###	###	\$350,963	\$358,000	\$716,000
68. Gold, Silver, or Numistic Coins, or Platinum, Gold, or Silver Bullion	###	###	\$197,714	\$420,000	\$395,000

**Footnotes for Non-Itemized Sales and Use Tax Exclusions and Exem.**  
 ### Included in the row labeled Other Exemptions.

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Tax Exemptions by Classification **Non-Itemized Sales and Use Tax Exclusions and Exem.**

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
69. Certain Geophysical Survey Information and Data Analyses	\$0	\$0	\$17,704	\$18,000	\$14,000
70. Vehicle Repairs Subsequent to Warranty Lapse	###	###	Negligible	Negligible	Negligible
71. Work Products of Certain Professionals	\$0	\$0	\$706,772	\$721,000	\$577,000
72. Pharmaceuticals Administered to Livestock for Agricultural Purposes	###	###	\$271,986	\$277,000	\$222,000
74. Purchases of Certain Custom Computer Software	###	###	\$112,666	\$115,000	\$230,000
75. Materials Used Directly in the Collection of Blood	###	###	\$334,964	\$342,000	\$274,000
76. Apheresis Kits and Leuko Reduction Filters	###	###	Negligible	Negligible	Negligible
77. Other Constructions Permanently Attached to the Ground	###	###	\$4,791,293	\$4,887,000	\$6,516,000
82. Sales of Newspapers	###	###	\$484,794	\$494,000	\$988,000
83. Donations to Certain Schools	###	###	Negligible	Negligible	Negligible
84. Use Tax on Residue or Byproducts Consumed by the Producer	###	###	Negligible	Negligible	Negligible
85. Miscellaneous Telecommunication Services	###	###	NRR	NRR	NRR
86. Telecommunication Services Through Coin-Operated Telephones	###	###	NRR	NRR	NRR
87. Interstate Telecommunication Services Purchased by Defined Call Centers	###	###	Negligible	Negligible	\$15,000
88. Advertising Services <sup>1</sup>	###	###	\$4,905,465	\$5,004,000	\$4,003,000
89. Purchases by Nonprofit Electric Cooperatives	+++	+++	\$87,877	\$90,000	\$92,000
91. Sales by State-Owned Domed Stadiums and Baseball Facilities	###	###	\$191,102	\$195,000	\$285,000
92. Sales by Certain Publicly-Owned Facilities	###	###	\$261,033	\$266,000	\$217,000
93. Boats, Vessels, and Other Water Craft as Demonstrators	###	###	\$11,043	\$11,000	\$22,000
94. Purchases of Off-Road Vehicles by Certain Buyers Domiciled in Another State	###	###	\$40,929	\$42,000	\$84,000
95. Sales of Farm Products Direct from the Farm	###	###	\$13,451,578	\$13,721,000	\$10,977,000
96. Livestock Sold at Market and Racehorses Claimed in Louisiana	###	###	\$65,527	\$67,000	\$54,000
97. Feed and Feed Additives for Animals Held for Business Purposes	+++	+++	\$118,625	\$121,000	\$91,000
98. Materials Used in the Production or Harvesting of Crawfish	+++	+++	\$256,551	\$262,000	\$197,000
99. Bait and Feed Used in the Production or Harvesting of Crawfish	###	###	\$378,982	\$387,000	\$310,000
100. Materials Used in the Production or Harvesting of Catfish	+++	+++	\$56,371	\$57,000	\$43,000

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**Footnotes for Non-Itemized Sales and Use Tax Exclusions and Exem.**

### Included in the row labeled Other Exemptions.

+++ Included in the row labeled Exemptions subject to 1% suspended rate.

1. This exemption was previously classified as Normal Tax Structure. Beginning with the 2017-2018 TEB book, this exemption is classified as Non-Itemized Sales and Use Tax Exclusions and Exemptions, as required by Act 592 of the 2016 Regular Session.

Tax Exemptions by Classification **Non-Itemized Sales and Use Tax Exclusions and Exem.**

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>101.</b> Farm Products Produced and Used by the Farmers	###	###	\$3,522,928	\$3,593,000	\$2,874,000
<b>102.</b> Sales of Gasoline (not subject to motor fuels tax)	+++	+++	\$0	\$0	\$0
<b>106.</b> Sales of Fertilizers and Containers to Farmers	###	###	See number 121	See number 121	See number 121
<b>108.</b> Materials and Energy Sources Used for Boiler Fuel	+++	\$3,407,871	\$0	\$0	\$3,408,000
<b>110.</b> Orthotic and Prosthetic Devices	###	###	\$2,566,329	\$2,618,000	\$2,094,000
<b>111.</b> Ostomy, Colostomy, Ileostomy and Other Appliance Devices	###	###	\$187,388	\$191,000	\$153,000
<b>112.</b> Patient Aids for Home Use when Prescribed by a Physician	###	###	\$396,418	\$404,000	\$804,000
<b>113.</b> Medical Devices Used by Patients Under the Supervision of a Physician	###	###	\$9,254,534	\$23,136,000	\$18,509,000
<b>114.</b> Restorative Materials Used by Dentists	###	###	\$299,365	\$305,000	\$610,000
<b>115.</b> Adaptive Driving Equipment and Motor Vehicle Modification	+++	+++	\$48,879	\$50,000	\$38,000
<b>116.</b> Sales of Food by Certain Institutions	###	###	\$3,446,032	\$3,515,000	\$2,812,000
<b>117.</b> Sales of Bakery Products for Home Consumption <sup>1</sup>	###	###	No data	No data	No data
<b>118.</b> Fees Paid by Radio and Television Broadcasters for the Rights to Broadcast Film, Video, and Tapes	+++	+++	\$0	\$0	\$0
<b>119.</b> Sales of 50-Ton Vessels and New Component Parts and Sales of Certain Materials and Services to Vessels Operating in Interstate Commerce	###	###	\$21,196,594	\$21,621,000	\$17,297,000
<b>120.</b> Sales of Insulin	###	###	Negligible	Negligible	Negligible
<b>121.</b> Sales of Seeds for Planting Crops	###	###	\$17,138,940	\$17,482,000	\$13,986,000
<b>122.</b> Sales of Admission Tickets by Little Theater Organizations	+++	+++	Negligible	Negligible	Negligible
<b>123.</b> Tickets to Musical Performances by Nonprofit Musical Organizations	+++	+++	\$127,054	\$130,000	\$98,000
<b>124.</b> Sales of Pesticides for Agricultural Purposes	###	###	\$1,766,984	\$1,802,000	\$1,442,000
<b>125.</b> Rentals of Motion-Picture Film to Commercial Theaters	+++	+++	Negligible	Negligible	Negligible
<b>126.</b> Property Purchased for Exclusive Use Outside the State	###	###	\$17,228,456	\$17,573,000	\$14,058,000
<b>128.</b> Admissions to Entertainment by Domestic Nonprofit Charitable, Educational, and Religious Organizations	+++	+++	\$62,099	\$63,000	\$47,000
<b>129.</b> Sales of Tangible Personal Property at or Admissions to Events Sponsored by Certain Nonprofit Groups	###	###	\$1,596,822	\$1,629,000	\$1,303,000
<b>130.</b> Sales of Newspapers by Religious Organizations	###	###	Negligible	Negligible	Negligible
<b>131.</b> Sales by Thrift Shops on Military Installations	###	###	See number 54	See number 54	See number 54

**Footnotes for Non-Itemized Sales and Use Tax Exclusions and Exem.**

### Included in the row labeled Other Exemptions.

+++ Included in the row labeled Exemptions subject to 1% suspended rate.

1. The revenue loss for this exemption was not included in previous TEB reports.

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Tax Exemptions by Classification **Non-Itemized Sales and Use Tax Exclusions and Exem.**

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
132. Sales to Nonprofit Literacy Organizations	###	###	Negligible	Negligible	Negligible
133. Sales or Purchases by Blind Persons Operating Small Businesses	###	###	See number 134	See number 134	See number 134
134. Purchases by Certain Organizations that Promote Training for the Blind	###	###	\$12,729	\$13,000	Negligible
137. Outside Gate Admissions and Parking Fees at Fairs, Festivals, and Expositions Sponsored by Nonprofit Organizations	+++	+++	Negligible	Negligible	Negligible
138. Lease or Rental of Certain Vessels in Mineral Production	+++	+++	\$1,490,849	\$1,521,000	\$4,563,000
139. Purchases of Supplies, Fuels, and Repair Services for Boats Used by Commercial Fishermen	###	###	\$631,822	\$644,000	\$515,000
140. Certain Seafood-Processing Facilities	###	###	\$59,245	\$60,000	\$120,000
142. New Vehicles Furnished by a Dealer for Driver-Education Programs	No data	No data	No data	No data	No data
143. Sales of Gasohol	+++	+++	See number 102	See Number 102	See Number 102
144. Construction Materials and Operating Supplies for Certain Nonprofit Retirement Centers	+++	+++	Negligible	Negligible	\$18,000
145. Leases of Motor Vehicles for Re-Lease or Re-Rent by Qualified Lessors	###	###	Negligible	Negligible	\$15,000
146. Sales of Certain Fuels Used for Farm Purposes	###	###	\$3,463,464	\$3,533,000	\$3,604,000
147. Sales or Purchases by Certain Sheltered Workshops	###	###	\$132,227	\$135,000	\$270,000
149. Specialty Mardi Gras Items Purchased or Sold by Certain Organizations	+++	+++	See number 59	See number 59	See number 59
150. Purchases and Sales by Ducks Unlimited and Bass Life	+++	+++	Negligible	Negligible	\$12,000
151. Tickets to Dance, Drama, or Performing Arts Presentations by Certain Nonprofit Organizations	+++	+++	Negligible	Negligible	\$18,000
152. Purchases by and Sales by Certain Nonprofit Organizations Dedicated to the Conservation of Fish and Migratory Waterfowl	+++	+++	Negligible	Negligible	\$21,000
153. Raw Materials Used in the Printing Process	+++	+++	Negligible	Negligible	Negligible
154. Piggyback Trailers or Containers and Rolling Stock	+++	+++	See number 159	See number 159	See number 159
155. Pharmaceutical Samples Distributed in Louisiana	+++	+++	Negligible	Negligible	Negligible
156. Catalogs Distributed in Louisiana	+++	+++	Negligible	Negligible	Negligible
159. Rail Rolling Stock Sold or Leased in Louisiana	###	###	\$1,494,355	\$1,524,000	\$3,048,000
160. Rail Rolling Stock Repaired or Fabricated in Louisiana	###	###	\$1,150,670	\$1,174,000	\$2,348,000
161. Sales of Railroad Ties to Railroads for Use in Other States	###	###	\$0	\$0	\$0
163. Sickle Cell Disease Organizations	###	###	Negligible	Negligible	\$18,000

**Footnotes for Non-Itemized Sales and Use Tax Exclusions and Exem.**

### Included in the row labeled Other Exemptions..

+++ Included in the row labeled Exemptions subject to 1% suspended rate.

Tax Exemptions by Classification **Non-Itemized Sales and Use Tax Exclusions and Exem.**

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
165. Sales of Original One-of-a-Kind Works of Art Sold in Certain Locations	###	###	\$224,011	\$228,000	\$456,000
167. Sales of Construction Materials to Habitat for Humanity	###	###	Negligible	Negligible	Negligible
168. Purchase of Certain Water Conservation Equipment for Use in the Sparta Groundwater Conservation District	###	###	\$0	\$0	\$0
170. Sale of Polyroll Tubing	###	###	\$73,929	\$157,000	\$148,000
171. Purchase, Lease or Repair of Certain Capital Equipment and Computer Software of Qualifying Radiation Therapy Treatment Centers	###	###	\$0	\$0	\$0
172. Purchases of Construction Materials by Hands on New Orleans and Rebuilding Together New Orleans Covenant Partners	###	###	\$0	\$0	\$0
173. Parish Councils on Aging	###	###	\$19,495	\$20,000	\$16,000
174. Purchase of Breastfeeding Items	###	###	\$14,483	\$15,000	\$30,000
175. Purchases by The Fore!Kids Foundation	###	###	Negligible	Negligible	Negligible
177. Purchases of Construction Materials by The Make It Right Foundation	###	###	See number 167	See number 167	See number 167
178. Purchases of Construction Materials by the St. Bernard Project, Inc.	###	###	\$0	\$0	\$0
179. Antique Airplanes Held by Private Collectors and Not Used for Commercial Purposes	+++	+++	\$0	\$0	\$0
180. Certain Interchangeable Components; Optional Method to Determine	###	###	\$0	\$0	\$0
187. News Publications Distributed at No Cost to Readers	###	###	\$0	\$0	\$0
198. Purchases Made with Food Stamps and WIC Vouchers <sup>1</sup>	###	###	\$28,382,909	\$28,951,000	\$23,161,000
199. Credit for Sales and Use Taxes Paid to Other States on Property Imported into Louisiana	###	###	\$1,500,565	\$1,531,000	\$1,225,000
<b>Other Exemptions</b>	<b>\$902,668,601</b>	<b>\$810,997,270</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Exemptions Subject to 1% Suspended Rate</b>	<b>\$7,770,709</b>	<b>\$5,604,428</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Non-itemized Sales and Use Tax Exclusions or Exemptions Revenue Loss</b>	<b>\$910,439,310</b>	<b>\$820,009,569</b>	<b>\$205,977,844</b>	<b>\$221,994,000</b>	<b>\$197,923,000</b>

**Footnotes for Non-Itemized Sales and Use Tax Exclusions and Exem.**

### Included in the row labeled Other Exemptions.

+++ Included in the row labeled Exemptions subject to 1% suspended rate.

1. This exemption was previously classified as Louisiana Constitutional Mandates. Beginning with the 2017-2018 TEB book, this exemption is classified as Non-Itemized Sales and Use Tax Exclusions and Exemptions, as required by Act 592 of the 2016 Regular Session.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>NORMAL TAX STRUCTURE - GENERAL</b>					
<b>Individual Income Tax</b>					
9. S Bank Income	See number 4	See number 4	See number 4	See number 4	See number 4
19. I.R.C. Section 280C Expense	\$490,214	\$443,298	\$696,902	\$711,000	\$725,000
31. Special Allowable Credits	\$1,172,645	\$793,619	\$745,426	\$760,000	\$776,000
<b>Liquor Tax</b>					
2. Products Returned to Manufacturer or Destroyed by a Dealer	\$140,880	\$236,912	\$422,874	\$145,000	\$145,000
3. Antiseptic, Scientific, Religious, and Chemical Uses	NRR	NRR	NRR	NRR	NRR
<b>Sales Tax</b>					
32. Purchases of Tangible Personal Property for Lease or Rental	\$12,012,051	\$6,337,236	\$7,767,098	\$7,922,000	\$10,563,000
<b>Tobacco Tax</b>					
4. Return of Taxable Cigarettes to the Manufacturer	\$121,854	\$432,823	\$405,463	\$357,000	\$350,000
5. Return of Taxable Product to the Manufacturer	###	###	###	###	###
6. Return of Taxable Vapor Product to the Manufacturer	Negligible	Negligible	Negligible	Negligible	Negligible
<b>Corporation Income Tax</b>					
14. I.R.C. Section 280C Expense	No data	No data	No data	No data	No data
<b>Total Normal Structure - General Revenue Loss</b>	<b>\$13,937,644</b>	<b>\$8,243,888</b>	<b>\$10,037,763</b>	<b>\$9,895,000</b>	<b>\$12,559,000</b>

<b>NORMAL TAX STRUCTURE - DOUBLE TAXATION</b>					
<b>Corporation Income Tax</b>					
10. Subchapter S Corporation <sup>1</sup>	\$596,800,542	\$503,679,326	\$510,280,706	\$520,486,000	\$530,896,000
17. Insurance Company Premium Tax	\$39,578,635	\$33,146,177	\$40,274,162	\$41,080,000	\$41,901,000
<b>Individual Income Tax</b>					
28. Net Income Taxes Paid to Other States	\$103,808,582	\$50,827,918	\$56,377,492	\$57,505,000	\$66,140,000
<b>Total Normal Tax Structure - Double Taxation Revenue Loss</b>	<b>\$740,187,759</b>	<b>\$587,653,421</b>	<b>\$606,932,360</b>	<b>\$619,071,000</b>	<b>\$638,937,000</b>

**Footnotes for Normal Tax Structure**

### Included in the row labeled Other Exemptions.

1. The revenue loss for this exemption does not include any loss from amended returns filed during FYE 6-15 and 6-16. The revenue loss for FYE 6-17 includes original returns and amended returns on original returns filed on or after July 1, 2013.

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>NORMAL TAX STRUCTURE - FEDERAL MANDATORY</b>					
<b>Individual Income Tax</b>					
80. Interest on United States Government Obligations	\$1,634,102	\$1,696,673	\$1,996,146	\$2,036,000	\$2,077,000
<b>Liquor Tax</b>					
5. Interstate Shipments (Low Alcohol)	\$986,250	\$889,990	\$1,093,529	\$960,000	\$960,000
6. Sales to Federal Government and its Agencies (Low Alcohol)	\$124,800	\$137,859	\$181,107	\$180,000	\$180,000
9. Foreign Consul and Foreign Commerce	Negligible	Negligible	Negligible	Negligible	Negligible
10. Sales to the Federal Government and its Agencies (Liquor and Wine)	\$13,660	\$17,443	\$43,953	\$41,000	\$41,000
<b>Petroleum Products</b>					
17. Gasoline and Diesel Sales to Federal Government and its Agencies <sup>1</sup>	\$460,719	\$351,710	\$359,526	\$153,000	\$134,000
<b>Severance Tax</b>					
30. U.S. Government Royalty - Gas Wells	\$400,585	\$234,803	\$124,004	\$143,000	\$114,000
31. U.S. Government Royalty - Oil Wells	\$550,702	\$361,777	\$263,538	\$573,000	\$573,000
<b>Tobacco Tax</b>					
7. Sales to Federal Government and its Agencies	###	###	###	###	###
<b>Total Normal Tax Structure - Federal Mandatory Revenue</b>	<b>\$4,170,818</b>	<b>\$3,690,255</b>	<b>\$4,061,803</b>	<b>\$4,086,000</b>	<b>\$4,079,000</b>

<b>NORMAL TAX STRUCTURE - INTERGOVERNMENT</b>					
<b>Corporation Income Tax</b>					
6. Interest on State or Local Government Obligations	NRR	NRR	NRR	NRR	NRR
<b>Individual Income Tax</b>					
1. Interest on State and Local Government Obligations	NRR	NRR	NRR	NRR	NRR
<b>Sales Tax</b>					
27. Purchases by State and Local Governments <sup>2</sup>	\$189,068,941	\$204,874,940	\$373,610,654	\$381,083,000	\$304,866,000
37. Sale to the United States Government and its Agencies	See number 27	See number 27	See number 27	See number 27	See number 27

**Footnotes for Normal Tax Structure**

### Included in the row labeled Other Exemptions.

- The FYE 6-15 and 6-16 revenue loss for this credit has been restated to conform with the FYE 6-17 presentation.
- These amounts include the total revenue loss for purchases by state and local government and sales to the U.S. Government (see#36).

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
90. Purchases by a Public Trust	\$0	\$0	\$0	\$0	\$0
<b>Tobacco Tax</b>					
3. Sales to State Institutions	NRR	NRR	NRR	NRR	NRR
<b>Severance Tax</b>					
28. Owned and Severed by Political Subdivisions	\$0	\$0	\$0	\$0	\$0
<b>Total Normal Tax Structure - Intergovernment Revenue Loss</b>	<b>\$189,068,941</b>	<b>\$204,874,940</b>	<b>\$373,610,654</b>	<b>\$381,083,000</b>	<b>\$304,866,000</b>

<b>NORMAL TAX STRUCTURE - INTERSTATE COMMERCE</b>					
<b>Liquor Tax</b>					
7. Sales to Ships Engaged in Interstate or Foreign Commerce	Negligible	Negligible	Negligible	Negligible	Negligible
8. Interstate Shipments of Alcoholic Beverages (Liquor and Wine)	\$22,390	\$18,893	\$32,435	\$20,000	\$20,000
<b>Petroleum Products</b>					
13. Gasoline and Undyed Diesel Brought into Louisiana in Fuel Supply Tanks of Interstate Motor Fuel Users	\$32,793	\$48,930	\$42,912	\$39,000	\$42,000
14. Undyed Diesel Fuel Used by Commercial Fisherman	\$0	\$0	\$0	\$0	\$0
15. Diesel Fuels Used in or Distributed to Seagoing Vessels	\$950,094	\$849,632	\$721,592	\$634,000	\$602,000
16. Exports of Gasoline or Diesel Fuels	\$898,262	\$600,438	\$669,588	\$556,000	\$556,000
18. Interstate Gasoline and Diesel Shipments/Exports	\$93,496,720	\$89,977,153	\$102,203,389	\$87,193,000	\$102,015,000
<b>Tobacco Products</b>					
8. Interstate Shipments of Cigarettes <sup>1</sup>	\$74,135,148	\$165,006,787	\$170,264,049	\$135,773,000	\$133,058,000
9. Interstate Shipments of Tobacco Products	###	###	###	###	###
<b>Total Normal Tax Structure - Interstate Commerce Revenue Loss</b>	<b>\$169,535,407</b>	<b>\$256,501,833</b>	<b>\$273,933,965</b>	<b>\$224,215,000</b>	<b>\$236,293,000</b>

<b>NORMAL TAX STRUCTURE - NET OPERATING LOSS</b>					
<b>Corporation Income Tax</b>					
13. Net Louisiana Operating Loss <sup>2</sup>	\$318,887,830	\$112,007,179	\$246,893,900	\$251,832,000	\$256,869,000

<b>Footnotes for Normal Tax Structure</b>					
### Included in the row labeled Other Exemptions.					
1. The FYE 6-15 revenue loss for this credit has been restated to conform with the FYE 6-17 presentation.					
2. The revenue loss for this exemption does not include any loss from amended returns filed during FYE 6-15 and 6-16. The revenue loss for FYE 6-17 includes original returns and amended returns on original returns filed on or after July 1, 2013.					



<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>NORMAL TAX STRUCTURE - TRIBAL</b>					
<b>Individual Income Tax</b>					
81. Native American Income	\$183,441	\$229,682	\$218,376	\$223,000	\$227,000
<b>NORMAL TAX STRUCTURE - SEVERANCE</b>					
<b>Severance Tax - Natural Gas</b>					
2. Produced Outside the State of Louisiana	\$18,095	\$37,303	\$35,643	\$12,000	\$20,000
7. Horizontal Wells	\$208,633,029	\$84,472,151	\$83,190,848	\$77,306,000	\$77,306,000
8. Inactive Wells	\$1,076,465	\$170,506	Negligible	Negligible	***
9. Deep Wells	\$1,171,092	\$10,107,072	\$3,202,373	\$451,000	\$451,000
10. Incapable Oil-Well Gas	\$934,302	\$916,891	\$441,959	\$356,000	\$310,000
11. Incapable Gas-Well Gas	\$21,891,293	\$21,768,480	\$12,439,325	\$12,184,000	\$12,184,000
12. Orphan Wells (Gas wells)	***	***	***	***	Unable to anticipate
13. Inactive Wells (Gas wells)	***	***	***	***	Unable to anticipate
14. Produced Water Injection Incentive - Gas wells	Negligible	Negligible	Negligible	Negligible	Negligible
<b>Severance Tax - Oil</b>					
15. Trucking, Barging, and Pipeline Fees	\$702,883	\$363,029	\$440,958	\$557,000	\$557,000
16. Horizontal Wells	\$31,170,602	\$11,872,434	\$9,292,722	\$4,287,000	\$3,430,000
17. Inactive Wells	\$31,758,884	\$5,969,788	\$413,089	Negligible	***
18. Deep Wells	\$2,792,382	\$11,081,247	\$4,532,839	\$1,450,000	\$986,000
19. Tertiary Recovery	\$21,544,117	\$13,097,821	\$15,880,871	\$15,283,000	\$15,283,000
20. Incapable Oil	\$10,109,196	\$5,192,613	\$4,993,718	\$4,804,000	\$4,612,000
21. Stripper Oil	\$36,409,826	\$19,512,184	\$19,012,314	\$18,669,000	\$18,296,000
22. Stripper Oil Value Less than \$20 per Barrel	\$0	Negligible	\$0	\$0	\$0
23. Orphan Wells (Oil wells)	***	***	***	***	Unable to anticipate
24. Inactive Wells (Oil wells)	***	***	***	***	Unable to anticipate
25. Salvage Oil	Negligible	\$176,558	\$0	\$0	\$0
26. Horizontal Mining and Drilling Projects	\$0	\$0	\$0	\$0	\$0
27. Produced Water Injection Incentive - Oil wells	\$0	\$24,275	\$15,766	Negligible	Negligible
<b>Total Normal Tax Structure - Severance Revenue Loss</b>	<b>\$368,212,166</b>	<b>\$184,762,352</b>	<b>\$153,892,425</b>	<b>\$135,359,000</b>	<b>\$133,435,000</b>
<b>Total Normal Tax Structure Revenue Loss</b>	<b>\$1,804,184,006</b>	<b>\$1,357,963,550</b>	<b>\$1,669,581,246</b>	<b>\$1,625,764,000</b>	<b>\$1,587,265,000</b>

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Individual Income Tax</b>					
3. Annual Retirement Income	\$23,133,580	\$24,226,682	\$24,581,509	\$25,073,000	\$25,575,000
4. Disability Income <sup>1</sup>	\$5,176,689	\$4,634,881	\$5,432,016	\$5,541,000	\$5,651,000
5. State Employees, Teachers, and Other Retirement Benefits	\$89,284,717	\$96,291,418	\$97,807,390	\$99,764,000	\$101,759,000
6. Federal Retirement Benefits	\$30,419,557	\$31,907,589	\$31,776,685	\$32,412,000	\$33,060,000
7. Social Security Benefits	\$92,010,157	\$96,820,152	\$97,976,583	\$99,936,000	\$101,935,000
8. Military Pay	\$5,921,603	\$6,033,323	\$5,691,608	\$5,805,000	\$5,922,000
23. Military Family Assistance Fund	See number 4	See number 4	See number 4	See number 4	See number 4
30. Certain Disabilities	\$2,838,812	\$2,214,169	\$1,963,019	\$2,002,000	\$2,042,000
49. Employment-Related Expenses for Maintaining Households for Certain Disabled Dependents	\$361,146	\$104,764	\$10,387	\$11,000	\$11,000
62. Amounts Paid by Certain Military Servicemembers for Obtaining Louisiana Hunting and Fishing Licenses	\$144,115	\$96,425	\$112,184	\$114,000	\$117,000
<b>Total Retirement, Disability and Military Revenue Loss</b>	<b>\$249,290,376</b>	<b>\$262,329,403</b>	<b>\$265,351,381</b>	<b>\$270,658,000</b>	<b>\$276,072,000</b>

**Footnotes for Retirement, Disability, and Military**

1. This includes the revenue loss and projected loss for disability income exclusion, S Bank income exclusion, deduction for military family assistance fund, and deduction for adaptive home improvements for disabled individuals.

## Sales Tax- Alternative Reporting Methods or Prescribed Methods of Taxation

Exemptions	FYE 6-15	FYE 6-16	FYE 6-16	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>Sales Tax</b>					
<b>181.</b> Helicopters Leased for Use in the Extraction, Production, or Exploration for Oil, Gas, or Other Minerals	See number 32	See number 32	\$0	\$0	\$0
<b>182.</b> Cash-Basis Sales Tax Reporting and Remitting for Health and Fitness Club Membership Contracts	\$0	\$0	\$0	\$0	\$0
<b>183.</b> Cash-Basis Reporting Procedure for Rental and Lease Transactions	\$0	\$0	\$0	\$0	\$0
<b>184.</b> Collection from Interstate and Foreign Transportation Dealers	\$0	\$0	\$0	\$0	\$0
<b>185.</b> Extended Time to Register Mobile Homes	\$0	\$0	\$0	\$0	\$0
<b>186.</b> "Sales or Cost Price" of Refinery Gas	\$0	\$0	\$0	\$0	\$0
<b>188.</b> Leases or Rentals of Railroad Rolling Stock and Leases or Rentals by Railway Companies and Railroad Corporations	\$0	\$0	\$0	\$0	\$0
<b>189.</b> Sales Through Coin-Operated Vending Machines	NRR	NRR	NRR	NRR	NRR
<b>Total Alternative Reporting Method or Statutorily Prescribed Method of Taxation Revenue Loss</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>SPECIALTY SALES TAX EXEMPTIONS ACTIVITIES OF SPECIFIC GROUP</b>					
<b>Sales Tax</b>					
192. Sales Tax Remitted on Bad Debts from Credit Sales	\$337,247	\$854,291	\$1,112,539	Unable to anticipate	Unable to anticipate
196. Sales Tax Collected by a Qualified Charitable Institutions	\$0	\$0	\$0	\$0	\$0
<b>Total Activities of Specific Group Revenue Loss</b>	<b>\$337,247</b>	<b>\$854,291</b>	<b>\$1,112,539</b>	<b>\$0</b>	<b>\$0</b>

<b>SPECIALTY SALES TAX EXEMPTIONS PURCHASE MADE BY SPECIFIC TAXPAYER</b>					
<b>Sales Tax</b>					
28. Purchases of Certain Bibles, Songbooks, or Literature by Certain Churches or Synagogues for Religious Instructional Classes <sup>1</sup>	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited
127. Additional Tax Levy on Contracts Entered into Prior to and Within 90 Days of Tax Levy	\$0	\$891,314	\$3,472,107	\$3,542,000	Unable to anticipate
176. Purchases of Vehicles Modified for Use by an Orthopedically Disabled Person	\$0	\$0	***	***	***
191. Costs to Reprogram Cash Registers	\$14,766	\$21,558	***	***	***
197. Louisiana Tax Free Shopping Program	\$1,064,014	\$1,726,759	\$1,035,046	\$1,056,000	\$1,077,000
<b>Total Purchase Made by Specific Taxpayer Revenue Loss</b>	<b>\$1,078,780</b>	<b>\$2,639,631</b>	<b>\$4,507,153</b>	<b>\$4,598,000</b>	<b>\$1,077,000</b>

<b>SPECIALTY SALES TAX EXEMPTIONS PURCHASE OF SPECIFIC ITEM</b>					
<b>Sales Tax</b>					
29. Purchases by the Society of the Little Sisters of the Poor <sup>1</sup>	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited
39. Purchases of School Buses by Independent Operators	No data	No data	\$851,355	\$868,000	\$1,736,000
47. Purchases of any Fuel or Gas for Residential Use and Purchases of Butane and Propane by any Person	See number 105	See number 105	\$42,354	\$43,000	\$86,000
48. Alternate Substance Used as a Fuel	###	***	***	***	***
50. Natural Gas Held, Used, or Consumed in Providing Natural Gas Storage Services or Operating Natural Gas Storage Facilities	See number 105	See number 105	\$82,043	\$84,000	\$168,000
135. Cable Television Installation and Repair Services	\$0	\$0	\$0	\$0	\$0
136. Receipts from Coin-Operated Washing and Drying Machines in Commercial Laundromats	NRR	NRR	\$279,195	\$285,000	\$228,000

<b>Footnotes for Specialty Sales Tax Exemptions</b>					
### Included in the row labeled Other Exemptions.					
1. See Revenue Information Bulletin No. 06-022 issued May 5, 2006.					

<b>Exemptions</b>	<b>FYE 6-15</b>	<b>FYE 6-16</b>	<b>FYE 6-17</b>	<b>FYE 6-18 (projected)</b>	<b>FYE 6-19 (projected)</b>
<b>148.</b> Purchases of Certain Fuels for Private Residential Consumption	See number 203	See number 203	\$312,782	\$319,000	\$255,000
<b>194.</b> Materials Used in the Construction, Restoration, or Renovation of Housing in Designated Areas	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate
<b>Total Purchase of Specific Item Revenue Loss</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,567,729</b>	<b>\$1,599,000</b>	<b>\$2,473,000</b>
<b>SPECIALTY SALES TAX EXEMPTIONS SALES TAX HOLIDAYS</b>					
<b>Sales Tax</b>					
<b>164.</b> Annual Louisiana Sales Tax Holiday	\$4,181,181	\$2,176,551	\$2,307,442	\$2,354,000	\$4,708,000
<b>166.</b> Hurricane Preparedness Louisiana Sales Tax Holiday	\$45,402	\$0	\$33,415	\$34,000	\$68,000
<b>169.</b> Second Amendment Sales Tax Holiday	\$793,475	\$1,437,770	\$198,345	\$202,000	\$404,000
<b>Total Sales Tax Holidays Revenue Loss</b>	<b>\$5,020,058</b>	<b>\$3,614,321</b>	<b>\$2,539,202</b>	<b>\$2,590,000</b>	<b>\$5,180,000</b>
<b>Total Specialty Sales Tax Revenue Loss</b>	<b>\$6,436,085</b>	<b>\$7,108,243</b>	<b>\$9,726,623</b>	<b>\$8,787,000</b>	<b>\$8,730,000</b>

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>INCENTIVES - DEPARTMENT OF CULTURE, RECREATION &amp; TOURISM</b>					
<b>Corporation Franchise Tax</b>					
23. Rehabilitation of Historic Structures	\$18,035,409	\$10,028,896	\$9,122,639	\$7,743,000	\$7,941,000
<b>Corporation Income Tax</b>					
36. Rehabilitation of Historic Structures	\$12,347,012	\$11,588,294	\$25,801,359	\$21,898,000	\$22,460,000
<b>Individual Income Tax</b>					
55. Rehabilitation of Historic Structures	\$36,970,742	\$37,289,516	\$56,978,644	\$48,359,000	\$49,599,000
59. Rehabilitation of an Owner Occupied Residential or Mixed-Use Property	\$373,547	\$298,743	\$354,368	\$361,000	\$369,000
<b>Tax Incentives</b>					
1. Atchafalaya Trace Heritage Area Development Zone Tax Exemption	Negligible	\$0	\$0	\$0	\$0
3. Cane River Heritage Tax Credit	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate
<b>Total Incentives - Department of Culture, Recreation &amp; Tourism Revenue Loss</b>	<b>\$67,726,710</b>	<b>\$59,205,449</b>	<b>\$92,257,010</b>	<b>\$78,361,000</b>	<b>\$80,369,000</b>
<b>INCENTIVES - DEPARTMENT OF ENVIRONMENTAL QUALITY</b>					
<b>Tax Incentives</b>					
2. Brownfields Investor Tax Credit	\$450,106	\$34,670	\$17,652	\$40,000	Negligible
<b>INCENTIVES - DEPARTMENT OF ECONOMIC DEVELOPMENT</b>					
<b>Corporation Franchise Tax</b>					
24. Louisiana Capital Investment Tax	\$0	\$0	\$0	\$0	\$0
<b>Severance Tax</b>					
29. Louisiana Mega-Project Assistance	\$0	\$0	\$0	***	***
<b>Tax Incentives</b>					
4. Louisiana Community Economic Development	\$12,854	\$0	\$0	***	***
5. Ports of Louisiana Tax Credits	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate
6. Motion Picture Investor Tax Credit	\$200,507,106	\$211,235,516	\$205,833,457	\$180,000,000	\$180,000,000
7. Research and Development Tax Credit	\$47,570,280	\$4,700,295	\$5,386,914	\$8,000,000	\$9,000,000
8. Digital Interactive Media & Software Tax Credit	\$12,090,705	\$10,946,339	\$9,885,415	\$30,000,000	\$50,000,000

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
9. Louisiana Motion Picture Incentive Program	\$1,081,375	\$73,381	\$0	***	***
10. Louisiana Capital Companies Tax Credit Program	\$16,034	\$3,588,383	\$18,626	Negligible	Negligible
12. University Research and Development Parks	Negligible	\$0	\$0	***	***
13. Industrial Tax Equalization Program	\$2,276,786	\$1,318,199	\$14,529,182	\$4,000,000	\$4,000,000
14. Exemptions for Manufacturing Establishments <sup>1</sup>	\$0	\$0	\$0	Unable to anticipate	\$1,500,000
15. Enterprise Zones	\$44,890,879	\$45,048,115	\$41,081,153	\$40,000,000	\$50,000,000
16. Sound Recording Investor Tax Credit	\$271,357	\$330,206	\$81,550	\$200,000	\$2,000,000
17. Urban Revitalization Tax Incentive Program	\$0	\$0	\$0	***	***
18. Mentor-Protégé Tax Credit	\$20,899	Negligible	Negligible	Unable to anticipate	Unable to anticipate
19. Technology Commercialization Credit Program	\$162,997	\$78,780	\$57,076	\$100,000	***
20. Angel Investor Tax Credit Program	\$1,015,903	\$536,475	\$1,535,732	\$2,000,000	\$3,000,000
21. Musical & Theatrical Productions Tax Credit	\$13,408,741	\$5,320,869	\$6,100,794	\$7,800,000	\$6,000,000
22. Retention and Modernization Credit	\$761,822	\$1,660,848	\$3,643,558	\$5,000,000	\$6,000,000
23. Green Jobs Industries Credit	***	***	***	***	***
24. Louisiana Quality Jobs Program	\$72,864,143	\$149,223,716	\$99,342,295	\$100,000,000	\$150,000,000
25. Corporate Tax Apportionment Program	\$0	\$0	\$0	***	***
26. Corporate Headquarters Relocation Program	\$0	\$0	\$0	***	***
27. Competitive Projects Payroll Incentive Program	\$53,625	\$0	\$0	\$400,000	\$500,000
<b>Total Incentives - Department of Economic Development Revenue Loss</b>	<b>\$397,005,506</b>	<b>\$434,061,122</b>	<b>\$387,495,752</b>	<b>\$377,500,000</b>	<b>\$462,000,000</b>

**INCENTIVES – DEPARTMENT OF REVENUE****Tax Incentives**

11. New Markets Tax Credit	\$2,124,450	\$1,989,769	\$1,459,027	\$1,000,000	Unable to anticipate
28. Procurement Processing Company Rebate Program	\$0	\$204,154	\$4,211,331	\$11,500,000	\$15,000,000
<b>Total Incentives - Department of Revenue Revenue Loss</b>	<b>\$2,124,450</b>	<b>\$2,193,923</b>	<b>\$5,670,358</b>	<b>\$12,500,000</b>	<b>\$15,000,000</b>

**Footnotes for Tax Incentives and Exemption Contracts**

1. FYE 6/15 amount was restated per a review of returns claiming the credit.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>INCENTIVES -EMPLOYMENT</b>					
<b>Corporation Franchise Tax</b>					
19. Employment of the Previously Unemployed	\$0	\$0	\$0	\$0	\$0
<b>Corporation Income Tax</b>					
19. Employment of Certain First-Time Nonviolent Offenders	\$0	Negligible	\$0	Unable to anticipate	Unable to anticipate
22. Employee and Dependent Health Insurance Coverage	***	***	***	***	***
27. Employment of the Previously Unemployed	\$0	\$0	\$0	\$0	\$0
32. New Jobs	\$643,804	\$330,059	\$546,393	\$557,000	\$568,000
34. Hiring Eligible Re-Entrants	Negligible	Negligible	\$0	Unable to anticipate	Unable to anticipate
<b>Individual Income Tax</b>					
27. Employment of Qualified Disabled Individuals <sup>1</sup>	***	\$0	\$0	Unable to anticipate	Unable to anticipate
39. Employment of Certain First-Time Drug Offenders	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate
41. Employment of Certain First-Time Nonviolent Offenders	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate
50. Employment of the Previously Unemployed	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate
<b>Total Incentives - Employment Revenue Loss</b>	<b>\$643,804</b>	<b>\$330,059</b>	<b>\$546,393</b>	<b>\$557,000</b>	<b>\$568,000</b>
<b>Total Incentives Revenue Loss<sup>2</sup></b>	<b>\$467,950,576</b>	<b>\$495,825,223</b>	<b>\$485,987,165</b>	<b>\$468,958,000</b>	<b>\$557,937,000</b>

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**Footnotes for Tax Incentives and Exemption Contracts**

1. The FYE 6-16 revenue loss has been revised in order to reflect the correct revenue loss.
2. This schedule contains other exemptions that are not listed in the Five-Year Revenue Loss for Tax Incentives and Exemption Contracts.



Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>SPECIALTY INCOME TAX EXEMPTIONS - TRAINING EMPLOYEES</b>					
<b>Corporation Franchise Tax</b>					
21. Louisiana Basic-Skills Training	\$0	\$0	\$0	\$0	\$0
22. Apprenticeship	\$185,118	\$61,701	\$39,919	\$30,000	\$30,000
<b>Corporation Income Tax</b>					
29. Louisiana Basic-Skills Training	\$0	Negligible	\$0	Unable to anticipate	Unable to anticipate
30. Apprenticeship	\$310,196	\$265,178	\$16,952	\$17,000	\$17,000
<b>Individual Income Tax</b>					
52. Louisiana Basic-Skills Training	\$22,992	Negligible	Negligible	Negligible	Negligible
53. Apprenticeship	\$349,017	\$193,087	\$137,516	\$138,000	\$138,000
<b>Total Specialty Income Tax Exemptions - Training Employees Revenue Loss</b>	<b>\$867,323</b>	<b>\$519,966</b>	<b>\$194,387</b>	<b>\$185,000</b>	<b>\$185,000</b>

<b>SPECIALTY INCOME TAX EXEMPTIONS - CORPORATE INCOME TAX FORMULAS</b>					
<b>Corporation Income Tax</b>					
15. Interest Income and Dividend Income	No data	No data	No data	No data	No data

<b>PERSONAL INCOME TAX FORMULA</b>					
<b>Individual Income Tax</b>					
2. Resident Estates and Trusts	NRR	NRR	NRR	NRR	NRR
12. Dependent Exemption/Deduction	\$30,883,285	\$31,880,435	\$31,278,023	\$31,278,000	\$32,542,000
14. Excess Federal Itemized Deductions	\$342,184,069	\$350,221,223	\$382,613,312	\$390,266,000	\$398,071,000
22. Personal Exemption-Standard Deduction <sup>1</sup>	\$246,869,102	\$254,456,333	\$247,767,677	\$252,723,000	\$257,777,000
<b>Total Personal Income Tax Formula Revenue Loss</b>	<b>\$619,936,456</b>	<b>\$636,557,991</b>	<b>\$661,659,012</b>	<b>\$674,267,000</b>	<b>\$688,390,000</b>

<b>Footnotes for Miscellaneous</b>					
1. The fiscal effect assumes no restrictions on eliminating this deduction. Assuming that to reduce this deduction below the levels in effect January 1, 1974, would require a constitutional amendment, 58 percent of the fiscal effect should be considered protected.					

Tax Exemptions by Classification

Miscellaneous

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>NATURAL DISASTER EXEMPTIONS</b>					
<b>Corporation Income Tax</b>					
11. Compensation for Disaster Services	***	***	***	***	Unable to anticipate
16. Hurricane Recovery Entity Benefits	No data	No data	No data	No data	No data
45. LA Citizens Property Insurance Corporation Assessment <sup>1</sup>	\$4,752,769	\$2,586,774	\$1,507,216	\$1,477,000	\$1,448,000
<b>Individual Income Tax</b>					
10. Compensation for Disaster Services	***	***	***	***	Unable to anticipate
15. Hurricane Recovery Entity Benefits	Negligible	\$0	\$0	\$0	\$0
68. LA Citizens Property Insurance Corporation Assessment <sup>2</sup>	\$39,683,346	\$25,927,922	\$10,195,124	\$9,176,000	\$8,258,000
<b>Sales Tax</b>					
193. State Sales Tax Paid on Property Destroyed in a Natural Disaster	Negligible	Negligible	\$450,937	Unable to anticipate	Unable to anticipate
<b>Total Natural Disaster Exemptions Revenue Loss</b>	<b>\$44,436,115</b>	<b>\$28,514,696</b>	<b>\$12,153,277</b>	<b>\$10,653,000</b>	<b>\$9,706,000</b>

<b>HEALTHCARE/MEDICAL</b>					
<b>Corporation Income Tax</b>					
18. Bone Marrow Donor Expense	\$0	\$0	\$0	\$0	\$0
<b>Individual Income Tax</b>					
35. Family Responsibility	Negligible	\$0	\$0	\$0	\$0
36. Small-Town Doctor/Dentist	\$850,296	\$511,297	\$455,108	\$464,000	\$1,464,000
37. Bone Marrow Donor Expense	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate
47. Long-Term Insurance Premiums	***	***	***	***	***
<b>Sales Tax</b>					
195. Purchases and Leases of Durable Medical Equipment Paid by or Under Provisions of Medicare	\$504,664	\$2,004,987	\$2,213,730	Unable to anticipate	Unable to anticipate
<b>Total Health Care/Medical Revenue Loss</b>	<b>\$1,354,960</b>	<b>\$2,516,284</b>	<b>\$2,668,838</b>	<b>\$464,000</b>	<b>\$1,464,000</b>

Footnotes for Miscellaneous
1. The estimated revenue loss includes credits claimed on a stand alone form for taxpayers not required to file a corporation income tax return.
2. The estimated revenue loss includes credits claimed on a stand alone form for taxpayers not required to file an individual income tax return.

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
<b>SPECIALTY - PERFORMANCE OF A SPECIFIC ACTIVITY</b>					
<b>Corporation Income Tax</b>					
31. Cash Donations to Dedicated Research Investment Fund	\$0	\$0	\$0	\$0	\$0
<b>Individual Income Tax</b>					
11. Adaptive Home Improvements for Disabled Individuals	See number 4	See number 4	See number 4	See number 4	See number 4
13. Construction Code Retrofitting	Negligible	Negligible	Negligible	Negligible	Negligible
16. Recreation Volunteer	\$19,849	\$61,240	\$19,630	\$20,000	\$20,000
17. Volunteer Firefighter	\$60,400	\$57,998	\$53,883	\$55,000	\$56,000
21. Net Capital Gains	\$43,606,314	\$89,122,558	\$70,102,237	\$71,504,000	\$72,934,000
33. Certain Child Care Expenses	\$17,704,968	\$17,935,243	\$16,623,173	\$16,956,000	\$17,295,000
42. Accessible and Barrier-Free Constructed Home	\$45,866	Negligible	Negligible	Negligible	\$450,000
48. Living Organ Donation	\$18,730	\$18,873	\$11,341	\$12,000	\$12,000
54. Cash Donations to Dedicated Research Investment Fund	\$0	\$0	\$0	\$0	\$0
61. Earned Income Tax Credit	\$47,314,323	\$48,894,977	\$47,462,414	\$48,412,000	\$49,380,000
<b>Total Specialty - Performance of a Specific Activity Revenue Loss</b>	<b>\$108,770,450</b>	<b>\$156,090,889</b>	<b>\$134,272,678</b>	<b>\$136,959,000</b>	<b>\$140,147,000</b>

<b>SPECIALTY- PURCHASE OF CERTAIN ITEMS</b>					
<b>Corporation Franchise Tax</b>					
20. Purchase of Qualified Recycling Equipment	\$447,412	\$134,335	\$255,209	\$260,000	\$265,000
31. Purchases from Prison Industry Enhancement Contractors	See note 1	See note 1	See note 1	See note 1	See note 1
<b>Corporation Income Tax</b>					
25. Donations of Property to Certain Offices and Agencies	\$0	\$0	\$0	\$0	\$0
28. Purchase of Qualified Recycling Equipment	\$0	\$0	Negligible	Negligible	Negligible

Tax Exemptions by Classification

Miscellaneous

Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
44. Purchases from Prison Industry Enhancement Contractors <sup>1</sup>	\$0	\$0	\$0	\$0	\$0
47. Solar Energy System	\$34,678,642	\$7,381,590	\$6,832,096	\$5,000,000	***
49. Conversion of Vehicles to Alternative Fuel	\$6,231,328	\$738,972	\$3,307,766	\$2,804,000	\$1,965,000
<b>Individual Income Tax</b>					
40. Purchase of Bulletproof Vest	\$14,686	\$15,241	\$16,933	\$17,000	\$18,000
45. Donations of Property to Certain Offices and Agencies	\$0	\$0	\$0	\$0	\$0
51. Purchase of Qualified Recycling Equipment	\$12,306	\$48,668	Negligible	Negligible	Negligible
60. Property Insurance	Negligible	Negligible	Negligible	***	***
67. Purchases from Prison Industry Enhancement Contractors	\$0	\$0	\$0	\$0	\$0
70. Solar Energy System	\$37,741,598	\$10,009,311	\$10,000,000	\$9,754,000	\$4,754,000
72. Conversion of Vehicles to Alternative Fuel	\$826,594	\$503,279	\$632,683	\$536,000	\$376,000
<b>Total Specialty- Purchase of Certain Items Revenue Loss</b>	<b>\$79,952,566</b>	<b>\$18,831,396</b>	<b>\$21,044,687</b>	<b>\$18,371,000</b>	<b>\$7,378,000</b>

<b>SPECIALTY - COMMUNITY DEVELOPMENT</b>					
<b>Corporation Franchise Tax</b>					
8. Louisiana Community Development Financial Institutions	NRR	NRR	NRR	NRR	NRR
15. Donations to Assist Qualified Playgrounds	Negligible	\$0	\$0	\$0	\$0
16. Debt Issuance Costs	\$0	\$0	\$0	\$0	\$0
25. Louisiana Community Development Financial Institutions Act	Negligible	\$0	\$0	\$0	\$0
26. Low-Income Housing	\$0	\$0	\$0	\$0	\$0
<b>Corporation Income Tax</b>					
8. Louisiana Community Development Financial Institutions	NRR	NRR	NRR	NRR	NRR
9. Governmental Subsidies for Operating Public Transportation Systems	\$0	\$0	\$0	\$0	\$0
20. Donations to Assist Qualified Playgrounds	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate

**Footnotes for Miscellaneous**

1. The estimated revenue loss for these credits includes the total revenue loss for corporation income and franchise taxes.

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Exemptions	FYE 6-15	FYE 6-16	FYE 6-17	FYE 6-18 (projected)	FYE 6-19 (projected)
24. Debt Issuance Cost	\$0	\$0	\$0	\$0	\$0
35. Neighborhood Assistance	\$0	\$0	\$0	\$0	\$0
37. Louisiana Community Development Financial Institutions Act	\$0	\$0	\$0	\$0	\$0
38. Low-Income Housing	\$0	\$0	\$0	\$0	\$0
<b>Individual Income Tax</b>					
43. Donations to Assist Qualified Playgrounds	\$38,663	\$14,997	Negligible	Negligible	Negligible
44. Debt Issuance Costs	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate
56. Louisiana Community Development Financial Institutions Act	\$148,998	\$170,665	\$14,883	\$79,000	\$79,000
57. Low-Income Housing	\$0	\$0	\$0	\$0	\$0
<b>Total Specialty - Community Development Revenue Loss</b>	<b>\$187,661</b>	<b>\$185,662</b>	<b>\$14,883</b>	<b>\$79,000</b>	<b>\$79,000</b>

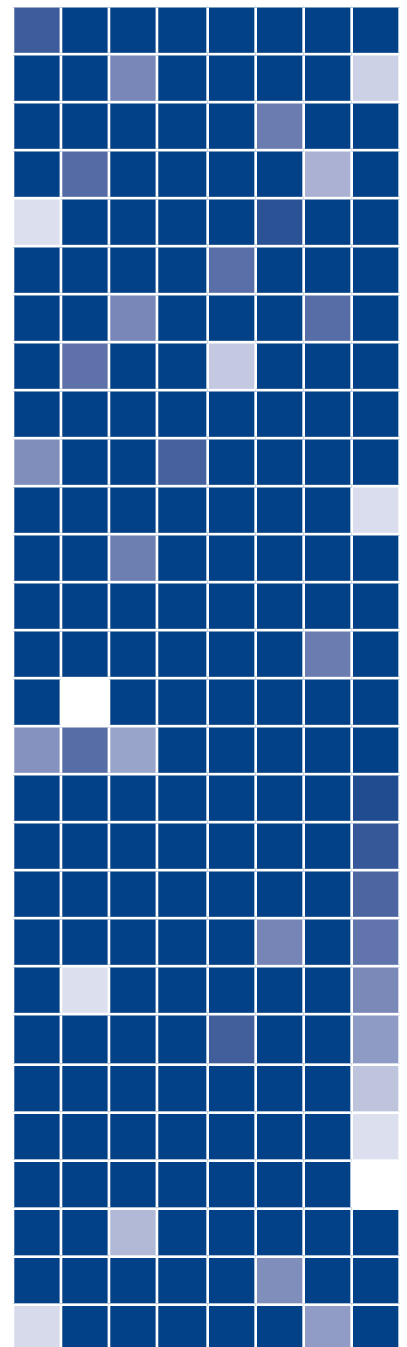
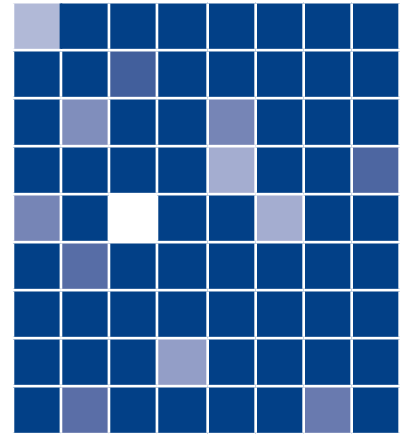
<b>OTHER EXEMPTIONS</b>					
<b>Corporation Income Tax</b>					
Other Exemptions	\$0	\$0	\$0	\$0	\$0
<b>Individual Income Tax</b>					
Other Exemptions	\$0	\$0	\$0	\$0	\$0
<b>Tobacco Tax</b>					
Other Exemptions <sup>1</sup>	\$12,749,572	\$11,630,119	\$11,834,506	\$11,302,000	\$11,302,000
<b>Total Other Exemptions Revenue Loss</b>	<b>\$12,749,572</b>	<b>\$11,630,119</b>	<b>\$11,834,506</b>	<b>\$11,302,000</b>	<b>\$11,302,000</b>
<b>Total Miscellaneous Revenue Loss</b>	<b>\$868,255,103</b>	<b>\$854,847,003</b>	<b>\$843,842,268</b>	<b>\$852,280,000</b>	<b>\$858,651,000</b>

**Footnotes for Miscellaneous**

1. The FYE 6-15 and 6-16 revenue loss has been restated in order to conform with the FYE 6-17 presentation.

# Listing of Exemptions

## Part 6





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# Corporation Franchise Tax Exemptions

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# Corporation Franchise Tax

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## { Introduction }

The Louisiana corporation franchise tax was enacted in 1932. The tax was imposed on every domestic corporation and every foreign corporation authorized or doing business in the state, or using any part of its capital, plant, or any other property in the state. As originally enacted, the tax levied was due and payable for the privilege of carrying on or doing business, exercising of its charter or the continuance of its charter within the state.

An initial tax return covering the period beginning with the date the corporation first becomes liable for filing a return and ending with the close of the accounting period, must be filed on or before the fifteenth day of the third month after the corporation first becomes liable. Thereafter, an annual return is due by the fifteenth day of the fourth month after the close of an accounting period. For tax periods beginning on and after January 1, 2017, the annual return is due by the fifteenth day of the fifth month after the close of an accounting period. The tax is due on the first day of the calendar year or the taxpayer's fiscal year.

The law has been amended many times since 1932. However, an amendment in 1970 to replace the privilege of doing business language in the original act with the statement that the tax levied is due and payable on any one or all of the incidents referred to in the law was one of the more important amendments. For taxable years beginning after December 31, 2005, the amount of borrowed capital included in taxable capital was reduced until fully phased out for the 2011 franchise tax year.

### **Legal Citations**

R.S. 47:601 through 47:618

### **Tax Base**

Capital stock, surplus, and undivided profits

### **Tax Rate**

The tax is currently assessed on the taxable base at the rate of \$1.50 per \$1,000 on the first \$300,000 and \$3.00 per \$1,000 over \$300,000. The tax is based on the larger of the assessed value of all real and personal property in the state or the amount of issued and outstanding capital stock, surplus, and undivided profits attributable to Louisiana.

### **Types of Tax Exemptions**

Corporation franchise tax exemptions are in the form of exemptions/exclusions, deductions, and credits. Exemptions/exclusions generally refer to organizations or corporations that are statutorily exempt from the imposition of the corporation franchise tax due to the nature of their operation. Deductions are generally defined as a reduction to the taxable base. Credits are generally defined as a reduction to the amount of tax due. All tax exemptions related to the corporation franchise tax are listed in this report.

### **Significant Changes**

#### **2017 Regular Legislative Session**

Act 338 authorizes eligibility for the inventory tax credit for certain property held by persons engaged in the short term rental of such items. "Short term rental" is defined as the rental of tangible personal property for less than 365 days, for an undefined period, or under an open-ended agreement. *Effective June 22, 2017, for tax periods beginning on or after January 1, 2016.*

Act 385 repeals previous requirement that taxpayers affiliated or related to another entity through common ownership by the same interests or as parent and subsidiary be treated as a single taxpayer for purposes of determining the eligible amount of inventory tax credit. However, the Act maintains the requirement for taxpayers included in a consolidated federal return. *Effective June 23, 2017 and applicable to claims for a credit authorized by R.S. 47:6006 on a return filed on or after July 1, 2017.*

Act 400 makes permanent the reductions to income and corporate franchise tax credits enacted by Act 125 of 2015 and rounds some credit values from percentages to whole numbers. *Effective June 26, 2017, and applicable to taxable periods beginning on or after January 1, 2017, unless otherwise provided by the statute granting the credit.*

Act 403 terminates and amends the historic rehabilitation credit for expenses incurred on or after January 1, 2022.

Act 418 removes the limitation of prior law on awards of the tax credit for ad valorem tax paid on offshore vessels when the ad valorem tax is paid under protest. The Act requires a taxpayer who pays the ad valorem tax under protest to notify LDR within five business days of the date that the lawsuit is filed and provides recapture authority to LDR for credits where the taxpayer prevails in the lawsuit against the political subdivision. *Effective July 1, 2017, and applicable to corporation income tax periods beginning on and after January 1, 2017 and corporation franchise tax periods beginning on or after January 1, 2018.*

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# Corporation Franchise Tax

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# Corporation Franchise Tax

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## { Exemptions/Exclusions }

### 1. **Agricultural Cooperative, Farmer Credit, and Farmers' Credit Cooperative Associations**

Qualifying cooperative associations are exempt from corporation franchise tax and all other license taxes, except for the annual \$10 license fee paid to the Secretary of State and ad valorem property taxes. The purpose of this exemption is to minimize the tax burden on these nonprofit associations.

#### **Legal Citation**

R.S. 3:84

#### **Origin**

Acts 1938, No. 40, amended by Acts 1966, No. 228

#### **Effective Date**

July 1, 1938

#### **Beneficiaries**

The agricultural industry

#### **Estimated Fiscal Effect**

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

### 2. **Cooperative Marketing Associations**

These associations are exempt from all franchise or other license taxes, except for taxes on real estate, furniture, and fixtures. These associations, however, must pay an annual \$10 license fee. The purpose of this exemption is to minimize the tax burden on these nonprofit organizations.

#### **Legal Citation**

R.S. 3:147

#### **Origin**

Acts 1922, No. 57

#### **Effective Date**

July 1, 1922

#### **Beneficiaries**

Cooperative marketing associations and individuals and companies marketing their goods and services through these organizations

#### **Estimated Fiscal Effect**

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

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# Corporation Franchise Tax

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## { Exemptions/Exclusions }

### 3. Credit Unions

Credit unions, together with all accumulations therein, are exempt from all taxes except for taxes on immovable property owned. The shares of a credit union are not subject to a stock transfer tax when issued by the corporation or when transferred from one member to another. No fees, taxes, or any of the stipulations as to capital stock set forth in general statutes for corporations apply to credit unions. The purpose of this exemption is to minimize the tax burden on these nonprofit organizations.

#### Legal Citation

R.S. 6:662

#### Origin

Acts 1924, No. 40

#### Effective Date

July 1, 1924

#### Beneficiaries

Individuals who are a member of a state or federal chartered credit union

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

### 4. Limited Liability Companies

For corporation franchise tax purposes, limited liability companies are taxed the same as a partnership. Partnerships are not subject to corporation franchise tax, therefore, limited liability companies are not subject to corporation franchise tax.

Starting with the 2017 franchise tax year, Act 12 of the 2016 First Extraordinary Session changes the definition of the term “domestic corporation” to include all entities taxed as corporations pursuant to 26 U.S.C. Subtitle A, Chapter 1, Subchapter C for federal income tax purposes. Limited liability companies will be treated and taxed in the same manner that they are treated and taxed for federal income tax purposes. However, franchise tax will not extend to any limited liability company that is qualified and eligible to make an election to be taxed in accordance with the provisions of 26 U.S.C. Subtitle A, Chapter 1, Subchapter S on the first day of its fiscal or annual year or to any other entity that was acquired before January 1, 2014, but not earlier than January 1, 2012, by an entity that was taxed pursuant to 26 U.S.C. Subtitle A, Chapter 1, Subchapter S.

#### Legal Citations

R.S. 12:1301 through 1369

#### Origin

Acts 1992, No. 780, Renumbered from R.S.1950, §12:325 by Acts 1968, No. 105, amended by Acts 2016, 1st Ex. Sess., No. 12

#### Effective Date

July 7, 1992

#### Beneficiaries

Members of such organizations

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

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# Corporation Franchise Tax

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## { Exemptions/Exclusions }

### 5. Certain Foreign Corporations

Foreign corporations operating as mutual savings banks, mutual savings fund societies, real estate investment trusts, state banks or trust companies, insurance companies, corporations associated with real estate investment trust as its advisor, group insurance and annuity corporations, and nonprofit or nontrading corporations are exempt from the corporation franchise tax if their Louisiana operations are limited to certain activities related to making, acquiring, or participating in loans. The purpose of this exemption is to make it easier for Louisiana businesses and individuals to borrow money.

#### Legal Citations

R.S. 12:302(K), R.S. 12:302(L)

#### Origin

Acts 1968, No. 105

#### Effective Date

1968

#### Beneficiaries

Certain foreign corporations referred to in the law

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

### 6. Electric Cooperatives

Electric cooperatives are exempt from all income and excise taxes, except for a fee of \$10 per each one hundred persons or fraction thereof to whom electricity is supplied within the state. The purpose of this exemption is to minimize the tax burden on these nonprofit electric cooperatives.

#### Legal Citation

R.S. 12:425

#### Origin

Acts 1940, No. 266, Renumbered from R.S.1950, §12:325 by Acts 1968, No. 105

#### Effective Date

July 18, 1940

#### Beneficiaries

Individuals and companies purchasing electricity from electric cooperatives

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

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# Corporation Franchise Tax

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## { Exemptions/Exclusions }

### 7. Certain Entities

Various franchise tax exemptions have been granted to certain, usually nonprofit, organizations and corporations. The purpose of these exemptions is to minimize the tax burden for qualifying nonprofit organizations. Exempted corporations are listed below.

- A. Labor corporations and corporations organized by labor unions or organizations for the purpose of holding title to property.
- B. Family agricultural and family horticultural corporations organized under the laws of and domiciled in the state of Louisiana.
- C. Certain agricultural and horticultural corporations, other than family corporations, organized under the laws of and domiciled in the state of Louisiana.
- D. Mutual savings banks, national banking corporations, and banking corporations organized under the laws of the state of Louisiana, who pay a tax for their shareholders or whose shareholders pay a tax on their shares of stock under other laws of this state, and building and loan associations.
- E. Fraternal beneficiary societies, orders, or associations operating under the lodge system, or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, or other benefits to members or their dependents.
- F. Cemetery companies owned and operated exclusively for the benefit of their members or which are not operated for profit.
- G. Any corporation, community chest, or fund, organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, or for the prevention of cruelty to children or animals.
- H. Business leagues, chambers of commerce, real estate boards, or boards of trade not organized for profit and of which no part of the net earnings benefits any private shareholder or individual.
- I. Nonprofit civic leagues or organizations operated exclusively for charitable, educational, or recreational purposes.
- J. Clubs organized and operated exclusively for pleasure, recreation, or other nonprofit purposes.
- K. Benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations, but only if 85 percent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses.

### 7. Certain Entities (continued)

- L. Insurance companies paying a premium tax under Title 22 of the Louisiana Revised Statutes of 1950.
- M. Certain farmers, fruit growers, or like associations organized and operated on a cooperative basis for the purpose of marketing products or purchasing supplies and equipment.
- N. Corporations organized by exempt farmers' cooperatives to finance crop operations of members.
- O. Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to organizations organized and operated exclusively for religious, charitable, scientific, literary, and educational purposes, of which no part of the net earnings benefits any private stockholder.
- P. Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the association members or their dependents.
- Q. Teachers' retirement fund associations of a purely local character, if no part of their net earnings (other than through payment of retirement benefits) benefits any private shareholder or individual, and if the income consists solely of amounts received from public taxation, amounts received from assessments upon the teaching salaries of members, and income from investments.

#### Legal Citation

R.S. 47:608

#### Origin

Various legislative acts since 1958

#### Effective Date

Various dates from 1958

#### Beneficiaries

Members and shareholders of these exempt organizations

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

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# Corporation Franchise Tax

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## { Exemptions/Exclusions }

### 8. Louisiana Community Development Financial Institutions

A Louisiana Community Development Financial Institution (LCDFI) is any legal entity whose primary business activity is the investment of cash to acquire equity in or provide financing assistance as a licensed business and industrial development corporation to qualified Louisiana businesses in low-income communities.

A LCDFI corporation is exempt from corporation income and franchise taxes for five consecutive taxable periods. The exemption from the corporation franchise tax starts in the taxable period following the taxable period in which certification as a LCDFI is obtained from the commissioner of the Louisiana Office of Financial Institutions.

The exemption was changed by Act 123 of the 2015 Legislative Session for tax returns filed beginning on or after July 1, 2015 but before June 30, 2018, regardless of the tax year to which it relates. If an extension was granted prior to July 1, 2015 and the return was filed by the extended due date, the exemption is reduced; but one-third of the reduced portion of the exemption may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019. The exemption allowed starting in FYE 6-16 is for four consecutive taxable periods.

#### Legal Citations

R.S. 51:3081 through 3094

#### Origin

Acts 2005, No. 491, amended by Acts 2007, No. 345; Acts 2015, No. 123

#### Effective Date

July 12, 2005

#### Sunset Date

July 1, 2009, but provisions relevant to any granted tax credits continue to apply until July 1, 2012

#### Related Provision

R.S. 51:3085

#### Beneficiaries

Taxpayers that invest in LCDFI's, the LCDFI, and low-income communities

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

## { Deductions }

### 9. Bank-Holding Corporations

Bank-holding corporations are allowed a deduction from their taxable base for the portion of their assets used to finance the operation of the subsidiary bank. In order to be deducted, the investments in and advances to subsidiaries must be included in the taxable capital of the holding corporation. The purpose of this deduction is to prevent the double taxation of these assets; first from the holding company and second from the subsidiary bank.

#### Legal Citation

R.S. 47:602(B)

#### Origin

Acts 1970, No. 385

#### Effective Date

Taxable periods beginning after December 31, 1970

#### Beneficiaries

Bank holding corporations and shareholders

#### Estimated Fiscal Effect

The Department has no data on this deduction and is unable to determine its estimated fiscal effect.



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# Corporation Franchise Tax

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## { Deduction }

### 10. Public-Utility Holding Corporations

A regulated public-utility holding corporation may deduct from its taxable base that portion of its assets used to finance the operation of its subsidiaries. The deduction is calculated by multiplying the sum of its investment in and advances to its subsidiary corporations by its Louisiana corporation franchise tax apportionment percent. In order to be deducted, the investments in and advances to subsidiaries must be included in the taxable capital of the holding corporation. However, public-utility holding companies have a minimum annual corporation franchise tax of \$100,000. The purpose of this deduction is to encourage corporations to relocate their principal office in Louisiana.

#### Legal Citation

R.S. 47:602(C)

#### Origin

Acts 1973, No. 119; amended by Acts 1994, No.40

#### Effective Date

June 1973

#### Related Provision

R.S. 47:602(G)(4)

#### Beneficiaries

Public-utility holding companies, who own subsidiary corporations and who locate their home office in Louisiana, and their shareholders

#### Estimated Fiscal Effect

The Department has no data on this deduction and is unable to determine its estimated fiscal effect.

### 11. Public Water Utility Companies

Corporations, with one or more subsidiary public water utility corporations, are allowed to deduct the amounts of its investment in and advances to these subsidiary corporations from taxable capital. In order to be deducted, the investments in and advances to subsidiaries must be included in the taxable capital of the holding corporation. The purpose of this deduction is to tax these assets at the subsidiary corporation level only.

#### Legal Citation

R.S. 47:602(D)

#### Origin

Acts 1990, No. 385

#### Effective Date

Taxable periods beginning on or after January 1, 1991

#### Beneficiaries

Public utility water corporations with investments in and advances to subsidiary corporations and shareholders of public utility water corporations

#### Estimated Fiscal Effect

The Department has no data on this deduction and is unable to determine its estimated fiscal effect.

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# Corporation Franchise Tax

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## { Deduction }

### 12. Members of Controlled Groups that Include a Telephone Corporation

Any corporation in a controlled group, having as a member of such group a telephone corporation regulated by the Louisiana Public Service Commission, can deduct from its taxable capital its investment in and advances to any member of the controlled group that is included in its taxable capital. The purpose of this deduction is to eliminate double taxation of investments in and advances to an affiliated corporation in a controlled group having a telephone company as a member of the group.

#### Legal Citation

R.S. 47:602(E)

#### Origin

Acts 1994, No. 134

#### Effective Date

Taxable periods beginning on or after January 1, 1994

#### Beneficiaries

Corporations in a controlled group having as a member of such group a telephone corporation regulated by the Louisiana Public Service Commission

#### Estimated Fiscal Effect

The Department has no data on this deduction and is unable to determine its estimated fiscal effect.

### 13. Regulated Utility Companies

Certain regulated public utility companies are allowed to deduct from surplus those accounts representing assets for which no money, service, or thing of value was paid by the utility companies except for the regulated service or product. The purpose of this deduction is to effect equal tax treatment for regulated and nonregulated utility companies.

#### Legal Citations

R.S. 47:605(C), R.S. 47:606(E)

#### Origin

Acts 1992, No. 156, amended by Acts 2008, 2<sup>nd</sup> Ex. Sess., No. 10

#### Effective Date

Taxable periods beginning on or after January 1, 1993

#### Beneficiaries

Public utility companies that are required by their regulatory authority to increase assets and surplus by amounts meeting the statutes' criteria

#### Estimated Fiscal Effect

The Department has no data on this deduction and is unable to determine its estimated fiscal effect.

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# Corporation Franchise Tax

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## { Deduction }

### 14. Holding Company

Corporations, with one or more subsidiaries as defined below, are allowed to deduct the amounts of its investment in and advances to these subsidiary corporations from taxable capital. In order to be deducted the investments in and advances to subsidiaries must be included in the taxable capital of the holding corporation. The purpose of this deduction is to tax these assets at the subsidiary corporation level only.

For purposes of this deduction, a subsidiary is any corporation that is subject to franchise tax and in which at least 80 percent of the voting and nonvoting power of all classes of their stock, membership, partnership, or other ownership interests are owned, directly or indirectly, by a corporation subject to the franchise tax imposed by R.S. 47:601(A).

#### Legal Citation

R.S. 47:602(G)

#### Origin

Acts 2016, 1st Ex. Sess., No. 12

#### Effective Date

Taxable periods beginning on or after January 1, 2017

#### Beneficiaries

Corporations whose subsidiary corporations are subject to franchise tax

#### Estimated Fiscal Effect

The Department has no data on this deduction and is unable to determine its estimated fiscal effect.

## { Credits }

### 15. Donations to Assist Qualified Playgrounds

A non-refundable tax credit is allowed for donations to assist qualified playgrounds in certain economically depressed areas. The donation may be in the form of cash, equipment, goods, or services. The purpose of this credit is to encourage donations to qualifying playgrounds.

For returns filed during FYE 6-15, the credit is equal to the lesser of \$1,000 or one-half the value of the donation. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is equal to the lesser of \$720 or 36 percent of the value of the donation.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6008

#### Origin

Acts 1992, No. 898, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

Taxable periods beginning after December 31, 1992

#### Beneficiaries

Economically depressed areas benefit from this credit, which should help to improve the quality of life of the residents

#### Estimated Fiscal Effect

\$0; no future activity is anticipated.

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# Corporation Franchise Tax

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## { Credits }

### 16. Debt Issuance Costs

An economic development corporation is allowed a non-refundable credit equal to the filing fee paid to the Louisiana Bond Commission for the preparation and issuance of bonds for returns filed during FYE 6-15. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is equal to 72 percent of the filing fee paid.

The credit shall be taken as a credit against the applicable tax or taxes in the taxable period in which the expenses were incurred, not to exceed the total tax liability for that taxable year.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6017

#### Origin

Acts 2002, No. 78, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

June 25, 2002

#### Beneficiaries

Economic development corporations

#### Estimated Fiscal Effect

\$0; this credit has been inactive. No future activity is anticipated.

### 17. Donations to Public Elementary or Secondary Schools

A non-refundable credit is allowed for qualified donations made to public elementary or secondary schools. For returns filed during FYE 6-15, the credit allowed is for 40 percent of the appraised value of the donation. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit allowed is for 29 percent of the appraised value of the donation. For tax years beginning on or after January 1, 2017, the credit allowed is for 28 percent of the appraised value of the donation.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6013

#### Origin

Acts 1998, No. 51, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

July 1, 1998

#### Beneficiaries

Corporations that make such donations and public schools in the state

#### Estimated Fiscal Effect

\$0; no future activity is anticipated.

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# Corporation Franchise Tax

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## { Credits }

### **18. Donations of Material, Equipment, or Instructors Made to Certain Training Providers**

A non-refundable credit is allowed for donations of materials, equipment, or instructors made to training providers, vocational/technical schools, apprenticeship programs registered with the Louisiana Workforce Commission, or community colleges within the state. For returns filed during FYE 6-15, the credit is for one-half the value of the materials, equipment, or services donated. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is for 36 percent of the value. The tax credit when combined with other tax credits cannot exceed 20 percent of the employer's tax liability for any taxable year.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citation**

R.S. 47:6012

#### **Origin**

Acts 1998, No. 30, amended by Acts 2002, No. 11; Acts 2015, No. 125; Acts 2017, No. 400

#### **Effective Date**

June 24, 1998

#### **Sunset Date**

December 31, 2000

#### **Reestablished**

August 15, 2002 for taxable periods beginning after December 31, 2002

#### **Beneficiaries**

Corporations who take the tax credit and the citizens of the state that benefit from better equipped training facilities

#### **Estimated Fiscal Effect**

\$0; this credit has been inactive. No future activity is anticipated.

### **19. Employment of the Previously Unemployed**

A non-refundable credit is allowed for employment of each previously unemployed person in a qualified newly created full-time job and is allowed during the taxable period that the employee has completed one year of full-time service with the employer. The credit is in lieu of other job tax credits provided for in the law. The purpose of this credit is to encourage creation of new jobs, which will provide job opportunities for the previously unemployed. For returns filed during FYE 6-15, the credit is \$750 for each qualified new job and employee. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is \$540 for each qualified new job and employee.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citation**

R.S. 47:6004

#### **Origin**

Acts 1989, No. 636, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### **Effective Date**

Taxable periods beginning on or after July 1, 1990

#### **Beneficiaries**

Corporations who hire previously unemployed Louisiana citizens as well as Louisiana citizens who benefit from new employment, production and income opportunities

#### **Estimated Fiscal Effect**

\$0; this credit has been inactive. No future activity is anticipated.

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# Corporation Franchise Tax

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## { Credits }

### 20. Purchase of Qualified Recycling Equipment

A non-refundable credit is allowed for the purchase of new recycling manufacturing or process equipment and/or qualified service contracts. If the equipment is sold before the total credit is claimed, the credit otherwise allowable may be claimed in the tax year of the sale and any unused credit is canceled for future periods.

The amount of the credit is computed at 20 percent of the cost of the equipment less other tax credits received for the purchase of the equipment, but may not exceed 50 percent of the tax liability before the credit for returns filed during FYE 6-15. Total credits certified by the secretary of the Department of Environment Quality in any calendar year shall not exceed five million dollars. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is allowed for 14.4 percent of the qualifying purchase or contract. For tax years beginning on or after January 1, 2017, the credit is allowed is for 14 percent. The total credits certified in any calendar year shall not exceed \$3.6 million.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6005

#### Origin

Acts 1991, Nos. 359 and 1052, amended by Acts 2005, No. 319; Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

Reestablished June 30, 2005

#### Beneficiaries

Corporations who invest in qualifying equipment in the state as well as Louisiana citizens who benefit from an improved environment

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$260,000	\$265,000

### 21. Louisiana Basic-Skills Training

For returns filed during FYE 6-15, corporations are allowed a non-refundable credit of \$250 per qualified employee who participates in a basic-skills training program at an accredited school. The credit cannot exceed \$30,000 for any single business in a particular year. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is allowed for \$180 per qualified employee. Basic-skills training means any employer-paid training for qualified employees that enhances the employees' reading, writing, or mathematical skills to at least a twelfth grade level. The purpose of this credit is to encourage corporations to provide basic skills training, which will result in a more educated workforce.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6009

#### Origin

Acts 1992, No. 1098, amended by Acts 1997, No. 658; Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

July 1, 1993

#### Beneficiaries

Companies who provide qualified training to employees as well as Louisiana employees who benefit from improved skills

#### Estimated Fiscal Effect

\$0; this credit has been inactive. No future activity is anticipated.

# Corporation Franchise Tax

## { Credits }

### 22. Apprenticeship

A non-refundable credit is allowed for employers for employing eligible apprentices. The credit is equal to one dollar for each hour of employment of each eligible apprentice, not to exceed 1,000 hours for each eligible apprentice. An eligible apprentice means a person who has entered into a written apprentice agreement with an employer or an association of employers pursuant to a registered apprenticeship program or a person who is enrolled in a training program accredited by the National Center for Construction Education and Research that has no less than four levels of training and no less than 500 hours of instruction.

**Legal Citation**

R.S. 47:6033

**Origin**

Acts 2007, No. 472, amended by Acts 2011, No. 126

**Effective Date**

July 11, 2007 for taxable periods beginning after December 31, 2007

**Repealed**

Acts 2015, No. 357, effective June 29, 2015

However, taxpayers have ten years to utilize the credit.

**Beneficiaries**

Employers of eligible apprentices

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$30,000	\$30,000

### 23. Rehabilitation of Historic Structures

A non-refundable credit is allowed for the eligible cost and expenses incurred during the rehabilitation of a historic structure located in a downtown development or a cultural district. Eligible structures must be nonresidential real property or residential rental property. The credit is for 25 percent of the eligible costs and expenses of the rehabilitation incurred prior to January 1, 2018 and 20 percent for eligible costs and expenses incurred on or after January 1, 2018, but before January 1, 2022. No taxpayer or affiliate shall claim more than five million dollars of credit per year for any number of structures rehabilitated within a particular downtown development or a cultural district. The credit is earned only in the year in which the property attributable to the expenditures is placed in service.

**Legal Citation**

R.S. 47:6019

**Origin**

Acts 2002, No. 60, amended by Acts 2005, No. 439; Acts 2007, No. 182 and 298; Acts 2009, No. 444; Acts 2011, No. 409; Acts 2013, No. 263 and 418; Acts 2015, No. 108; Acts 2017, No. 403

**Effective Date**

July 1, 2002 and taxable periods beginning January 1, 2008 for a cultural district

**Sunset Date**

Taxable periods ending before January 1, 2022; however, taxpayers have five years to utilize the credit.

**Beneficiaries**

Individuals or businesses rehabilitating a qualified historic structure

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$7,743,000	\$7,941,000

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# Corporation Franchise Tax

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## { Credits }

### 24. Louisiana Capital Investment Tax

Corporations are allowed a non-refundable tax credit equal to five percent of the capital costs of a qualifying project. The credit is against the corporation franchise tax that is generated by or arising out of the qualifying project in each of the 20 years commencing with the year during which the qualifying project is placed in service. Certain small projects must employ at least 15 new employees and certain large projects must employ at least 20 new employees at an average compensation between \$8 and \$10 per hour in order to take the credit. The purpose of this credit is to encourage creation of new jobs through industry expansion.

#### Legal Citation

R.S. 51:2771

#### Origin

Acts 1996 1<sup>st</sup> Ex. Sess., No. 42; amended by Acts 1998, No. 36

#### Effective Date

July 1, 1996

#### Sunset Date

June 30, 2000

However, credits granted prior to June 30, 2000, shall remain effective for the remainder of the 20-year period.

#### Beneficiaries

Corporations that reduce their corporation franchise tax with this credit and individuals who are employed as a result of project expansions

#### Estimated Fiscal Effect

\$0; this credit has been inactive. No future activity is anticipated.

### 25. Louisiana Community Development Financial Institutions Act

This provision creates the Louisiana Community Development Financial Institutions (LCDFI) Act. A LCDFI is any legal entity whose primary business activity is the investment of cash to acquire equity in or provide financing assistance as a licensed business and industrial development corporation to qualified Louisiana businesses in low-income communities and provides for an income and franchise tax credit for individuals and businesses that invest in LCDFIs. The credits are transferable and can be carried forward indefinitely. Any unused allocation of credits from a previous year may be carried forward and granted in the next year. For returns filed during FYE 6-15, the non-refundable credit is to be calculated as 75 percent of the investment. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is to be calculated as 54 percent of the investment.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citations

R.S. 51:3081 through 3094

#### Origin

Acts 2005, No. 491, amended by Acts 2007, No. 345; Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

July 12, 2005

#### Sunset Date

July 1, 2009, but provisions relevant to any granted tax credits continue to apply until July 1, 2012

#### Related Provision

R.S. 51:3092

#### Beneficiaries

Taxpayers that invest in LCDFI's, LCDFIs and low-income communities.

#### Estimated Fiscal Effect

\$0; no activity is anticipated.



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# Corporation Franchise Tax

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## { Credits }

### 26. Low-Income Housing

A non-refundable credit is allowed for providers of certain low-income housing. The credit is computed in accordance with the provisions of Section 42 of the 1986 Internal Revenue Code as modified by Act 972 of the 1990 Legislative Session. The purpose of this credit is to encourage investment in low-income housing.

#### Legal Citation

R.S. 47:12

#### Origin

Acts 1990, No. 1033

#### Effective Date

Taxable periods beginning on or after July 1, 1990

#### Sunset Date

December 31, 1993; however, unused credits can be carried forward until used.

#### Beneficiaries

Corporations providing low-income housing and the recipients of low-income housing

#### Estimated Fiscal Effect

\$0; this credit has been inactive. No future activity is anticipated.

### 27. Inventory Tax/Ad Valorem Tax

A refundable tax credit is allowed for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers for returns filed during FYE 6-15. For returns filed on or after July 1, 2015, but before July 1, 2016, regardless of the tax year to which it relates, the credit allowed is equal to 100 percent of the ad valorem taxes paid if the amount paid is less than \$10,000. If the ad valorem taxes paid are \$10,000 or more, only 75 percent of the excess credit over tax can be refunded with the remaining 25 percent carried forward for five years.

For returns filed on or after July 1, 2016:

- Groups of affiliated companies are required to be treated as one taxpayer for purposes of the limitations on refundability.
- If the total amount eligible for the credit is less than or equal to \$500,000, 100 percent of any excess credit is refundable, and for total eligible amounts above \$500,000, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.
- For new business entities formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100 percent of any excess credit is refundable, and for total eligible amounts \$10,000 or more, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.
- The credit is nonrefundable for taxes paid on inventory by any manufacturer who claimed the property tax exemption under the Industrial Tax Exemption Program (ITEP) during the same year the inventory taxes were paid, and for taxes paid by any company related to such manufacturer on inventory that is related to the business of such manufacturer.

For tax periods beginning on or after January 1, 2016, certain property held by persons engaged in the short term rental of such items qualifies for the credit. For returns filed on or after July 1, 2017, only taxpayers that are included on the same consolidated federal income tax return are required to combine their inventory taxes paid in order to determine the amount of the excess credit that is refundable.

#### Legal Citation

R.S. 47:6006

#### Origin

Acts 1991, No. 153, amended by Acts 1994, No. 28; Acts 2002, No. 11; Acts 2005, No. 363; Acts 2015, No. 133; Acts 2016, 2nd Ex. Sess., Nos. 4 and 5; Acts 2017, Nos. 338 and 385

#### Effective Date

July 1, 1992

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# Corporation Franchise Tax

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## { Credits }

### **27. Inventory Tax/Ad Valorem Tax** (continued)

#### **Beneficiaries**

Corporations that are manufacturers, distributors, and retailers paying ad valorem taxes on inventory

#### **Estimated Fiscal Effect**

The estimated fiscal effect of this credit is shown in the listing of credits for corporation income tax and includes the total revenue loss for corporation income and franchise taxes.

### **28. Ad Valorem Tax on Natural Gas**

A refundable tax credit is allowed for the amount of ad valorem taxes paid to political subdivisions of Louisiana on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities for returns filed in FYE 6-15. For returns filed on or after July 1, 2015, but before July 1, 2016, regardless of the tax year to which it relates, the credit allowed is equal to 100 percent of the ad valorem taxes paid if the amount paid is less than \$10,000. If the ad valorem taxes paid are \$10,000 or more, only 75 percent of the excess credit over tax can be refunded with the remaining 25 percent carried forward for five years.

For returns filed on or after July 1, 2016:

- Groups of affiliated companies are required to be treated as one taxpayer for purposes of the limitations on refundability.
- If the total amount eligible for the credit is less than or equal to \$500,000, 100 percent of any excess credit is refundable, and for total eligible amounts above \$500,000, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.
- For new business entities formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100 percent of any excess credit is refundable, and for total eligible amounts \$10,000 or more, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.

For returns filed on or after July 1, 2017, only taxpayers that are included on the same consolidated federal income tax return are required to combine their taxes paid in order to determine the amount of the excess credit that is refundable.

#### **Legal Citation**

R.S. 47:6006

#### **Origin**

Acts 2005, No. 363; amended by Acts 2015 No. 133; Acts 2016, 2nd Ex. Sess., No. 4; Acts 2017, Nos. 338 and 385

#### **Effective Date**

August 15, 2005

#### **Beneficiaries**

Corporations paying ad valorem taxes on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities

#### **Estimated Fiscal Effect**

The estimated fiscal effect of the inventory tax credit is shown in the listing of credits for corporation income tax and includes the total revenue loss for corporation income and franchise taxes.

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# Corporation Franchise Tax

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## { Credits }

### **29. Ad Valorem Tax on Offshore Vessels**

A refundable credit is allowed for ad valorem taxes paid on vessels that operate principally in Outer Continental Shelf Lands Act Waters. To qualify for the credit, the taxpayer must certify to the assessor that the vessel operated principally in outer continental shelf waters within the calendar year immediately before the tax year of assessment of the vessel and the ad valorem tax must have been paid to the political subdivision without protest. However, for taxable periods beginning on or after January 1, 2018, a taxpayer who pays the ad valorem tax under protest must notify the Department of Revenue within five business days of the date that the lawsuit is filed. The credit is equal to 100 percent of the taxes paid.

#### **Legal Citation**

R.S. 47:6006.1

#### **Origin**

Acts 1994, 3rd Ex. Sess., No. 59, amended by Acts 2002, No. 11; Acts 2017, No. 418

#### **Effective Date**

July 7, 1994

#### **Beneficiaries**

Corporations paying ad valorem taxes on vessels operating in Outer Continental Shelf Lands Act Waters

#### **Estimated Fiscal Effect**

The estimated fiscal effect of this credit is shown in the listing of credits for corporation income tax and includes the total revenue loss for corporation income and franchise taxes.

### **30. Ad Valorem Tax Paid by Certain Telephone Companies**

A refundable credit is allowed for 40 percent of the total ad valorem taxes paid to Louisiana political subdivisions by telephone companies on their public service properties which are assessed by the Louisiana Tax Commission at 25 percent of fair market value pursuant to R.S. 47:1854.

#### **Legal Citation**

R.S. 47:6014

#### **Origin**

Acts 2000, No. 22

#### **Effective Date**

The credit is effective for income and franchise tax years ending on or after December 31, 2001

#### **Beneficiaries**

Telephone companies and the public they serve

#### **Estimated Fiscal Effect**

The estimated fiscal effect of this credit is shown in the listing of credits for corporation income tax and includes the total revenue loss for corporation income and franchise taxes.

---

# Corporation Franchise Tax

---

## { Credits }

### 31. Purchases from Prison Industry Enhancement Contractors

For returns filed during FYE 6-15, a refundable credit is allowed for the state sales and use taxes paid on purchases of specialty apparel items from a Private Sector Prison Industry Enhancement (PIE) contractor. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, a credit is allowed for 72 percent of the state sales and use taxes paid on purchases of specialty apparel items from a PIE contractor. PIE contractors use inmate labor to produce items for sale and then pay 30 percent of the salary paid to the inmates back to the state.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6018

#### Origin

Acts 2002, No. 32, amended by Acts 2007, No. 466; Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

This credit is effective for income and franchise tax becoming due after December 31, 2002

#### Reestablished

Taxable periods beginning on or after January 1, 2007

#### Beneficiaries

Private Sector Prison Industry Enhancement contractors and individuals who purchase items from them

#### Estimated Fiscal Effect

The estimated fiscal effect of this credit is shown in the listing of credits for corporation income tax and includes the total revenue loss for corporation income and franchise taxes.

### 32. Sugarcane Transport

A refundable credit is allowed for the cost paid by a taxpayer to acquire an eligible sugarcane trailer, to replace an eligible sugarcane trailer, or to convert an ineligible sugarcane trailer to an eligible sugarcane trailer. "Eligible sugarcane trailer" means a trailer that hauls sugarcane and meets the requirements of R.S. 32:387.7(B). Effective for costs of conversions or modifications of eligible sugarcane trailers paid on and after January 1, 2009, but before January 1, 2014.

#### Legal Citation

R.S. 47:6029

#### Origin

Acts 2007, No. 365, amended by Acts 2007, No. 368

#### Effective Date

January 1, 2009

#### Sunset Date

December 31, 2013

#### Repealed

Acts 2015, No. 357, effective June 29, 2015

#### Beneficiaries

Owners of vehicles hauling sugarcane

#### Estimated Fiscal Effect

The estimated fiscal effect of this credit is shown in the listing of credits for corporation income tax and includes the total revenue loss for corporation income and franchise taxes.

---

# Corporation Franchise Tax

---

## { Credits }

### 33. Milk Producers

A refundable credit is allowed for resident taxpayers engaged in the business of producing milk for sale. The credit will be allowed when the USDA Uniform Price in Federal Order Number 7 drops below the announced production price established by the Department of Agriculture and Forestry at any time during the calendar year. Qualified taxpayers are eligible for tax credits based on the production and sale of milk below the announced production price over a calendar year.

The Department of Health must certify to the Department of Revenue, by January 31 of the following year, which milk producers are eligible to receive the credits. Any producer not certified by the Department of Health will not be entitled to the credits. For returns filed during FYE 6-15, the credits allowed for each milk producer may not exceed \$30,000 per calendar year, and the total amount of tax credits allowed for all producers may not exceed \$2.5 million per calendar year. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credits allowed for each milk producer may not exceed \$21,600 per calendar year, and the total amount of tax credits allowed for all producers may not exceed \$1.8 million per calendar year.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6032

#### Origin

Acts 2007, No. 461, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

January 1, 2007

#### Beneficiaries

Resident taxpayers engaged in the business of producing milk for sale

#### Estimated Fiscal Effect

The estimated fiscal effect of this credit is shown in the listing of credits for corporation income tax and includes the total revenue loss for corporation income and franchise taxes.

### 34. School Readiness Child Care Provider

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, a voluntary, quality rating system by the Louisiana Department of Education (LDE) for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.

Child care providers participating in Quality Start are allowed a refundable credit based on the average monthly number of children who either participate in the Child Care Assistance Program administered by LDE or who are foster children in the custody of Department of Children, Family and Services and attending facilities operated by a child care provider, multiplied by an amount based upon the quality rating of the facility.

#### Legal Citation

R.S. 47:6105

#### Origin

Acts 2007, No. 394

#### Effective Date

January 1, 2008

#### Beneficiaries

Child care providers participating in Quality Start, a program that is designed to increase the quality of child care and early learning for all children throughout Louisiana

#### Estimated Fiscal Effect

The estimated fiscal effect of this credit is shown in the listing of credits for corporation income tax and includes the total revenue loss for corporation income and franchise taxes.

---

# Corporation Franchise Tax

---

## { Credits }

### 35. School Readiness Business-Supported Child Care

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, a voluntary, quality rating system by the Department of Education for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.

A refundable credit is allowed for a taxpayer who incurs eligible business-supported child-care expenses. The credit amount depends upon the quality rating of the child care facility to which the expenses are related or the quality rating of the child care facility that the child attends. Eligible business-supported child-care expenses include expenses to construct, renovate, or expand a child care center, purchase equipment for a center, maintain or operate a center, or subsidize child care for their employees.

#### Legal Citation

R.S. 47:6107(A)(1)

#### Origin

Acts 2007, No. 394

#### Effective Date

January 1, 2008

#### Beneficiaries

Businesses that support child care centers participating in Quality Start, the child care centers and students and the state through the increase in the quality of child care and early learning

#### Estimated Fiscal Effect

The estimated fiscal effect of this credit is shown in the listing for corporation income tax and includes the total revenue loss for corporation income and franchise taxes.

### 36. School Readiness Fees and Grants to Resource and Referral Agencies

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, a voluntary, quality rating system by the Department of Education for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.

A refundable credit is allowed for a taxpayer whose business pays fees and grants to child care resource and referral agencies. These are private agencies that contract with the Department of Education to provide important information and services to parents and child care providers. The credit is equal to the amount donated but cannot exceed \$5,000 per tax year.

#### Legal Citation

R.S. 47:6107(A)(2)

#### Origin

Acts 2007, No. 394

#### Effective Date

January 1, 2008

#### Beneficiaries

Businesses that support child care centers participating in Quality Start, the child care centers and students and the state through the increase in the quality of child care and early learning

#### Estimated Fiscal Effect

The estimated fiscal effect of this credit is shown in the listing of credits for corporation income tax and includes the total revenue loss for corporation income and franchise taxes.



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# **Hazardous Waste Disposal Tax Exemption**

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# Hazardous Waste Disposal Tax

---

## { Introduction }

In 1984, Act 8 of the First Extraordinary Session levied a one-time tax on the hazardous waste content of the land. The tax was at the rate of \$2 per ton of waste disposed or stored in the land during 1981, 1982, 1983, and the first six months of 1984. This tax was administered by the Department of Environmental Quality, but collected by the Department of Revenue.

Also, by this same Act, the hazardous waste disposal tax was levied on the disposal of hazardous waste in Louisiana and on certain storage of wastes. The disposal tax rates were set at \$5 per dry-weight ton of waste disposed at the same site where produced or generated and \$10 per dry-weight ton of waste disposed or stored at a site other than where produced or generated. The tax was deemed collectible from the generator of the hazardous waste, if the generator disposed of his own hazardous waste, or from the disposer who must collect the tax from the generator of the waste at the time that the disposer received the waste. All generators and disposers must be registered with the Louisiana Department of Environmental Quality.

In 1988, Act 655 increased the rates to \$10 per dry-weight ton of hazardous waste disposed on site and \$20 per dry-weight ton of hazardous waste disposed at another site. This act further provided that the rates would increase \$1 per year until 1998. Additional provisions of the 1988 Act were the imposition of a tax of \$25 per dry-weight ton of extremely hazardous waste disposed in Louisiana and for the taxation of waste imported into Louisiana for disposal or storage.

The tax rates were again increased in 1990 by the passage of Act 391. This legislation changed the rates from \$10, \$20, and \$25 per dry-weight ton to \$30, \$60, and \$100, respectively. An additional provision allowed a credit of 0.5 percent of the tax due for collecting and remitting the tax timely. A tax on the transportation of hazardous and extremely hazardous wastes was also levied at the rate of \$25 per gross-weight ton of hazardous or extremely hazardous wastes transported in Louisiana for disposal or storage in Louisiana.

During the 1992 Regular Legislative Session, Act 526 was enacted which reduced the tax on the disposal of waste at a site other than where produced from \$60 per dry-weight ton to \$40 per dry-weight ton. This legislation also repealed the tax on transporting hazardous or extremely hazardous waste effective July 1, 1992.

### **Legal Citations**

R.S. 47:821 through 47:832

### **Tax Base**

Dry-weight ton, or fraction thereof, of hazardous or extremely hazardous wastes disposed in Louisiana and of hazardous wastes stored for more than 90 days

### **Tax Rate**

Effective July 1, 1992:

- \$30 per ton of hazardous waste disposed at the site where produced
- \$40 per ton of hazardous waste disposed at a site other than where produced
- \$100 per ton of extremely hazardous waste disposed

Imported wastes produced out-of-state and disposed in Louisiana are taxed at either the current effective tax rate or at the rate that would be paid for disposal in the generating state, whichever is higher.

### **Types of Tax Exemptions**

For hazardous waste disposal tax purposes, the tax exemption is in the form of a credit. Credits are generally defined as a reduction to the amount of tax due.

### **Significant Changes**

#### **2017 Regular Legislative Session**

There were no significant changes in the hazardous waste disposal tax laws during the past year.

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# Hazardous Waste Disposal Tax

## Index of Exemption

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# Hazardous Waste Disposal Tax

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{ Credit }

## 1. Timely Filing and Payment

A credit of 0.5 percent is allowed for the accurate and timely accounting for and remitting of the taxes due. The purpose of this credit is to encourage compliance and to compensate companies for expenses relating to collection and remittance of the tax.

### Legal Citation

R.S. 47:823(E)

### Origin

Acts 1990, No. 391

### Effective Date

August 1, 1990

### Beneficiaries

Registered generators and disposers of hazardous waste who accurately and timely remit the tax reports

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$13,000	\$13,000

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# **Corporation Income Tax Exemptions**

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# Corporation Income Tax

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## { Introduction }

The Louisiana corporation income tax was authorized by the 1921 state constitution. The first tax was levied in 1934 at the rate of four percent of corporate earnings exceeding \$3,000. In 1977, Louisiana raised the income tax rate from a flat rate of four percent to a five-tier tax rate schedule that ranged from four percent of the first \$25,000 of taxable income to a maximum of eight percent of the taxable income exceeding \$200,000. Louisiana allows a deduction in computing taxable income for 100 percent of the federal income taxes paid on income taxable to Louisiana, which reduces the effective corporation income tax rates.

Like many other states that impose a corporate income tax, Louisiana closely follows the federal system. That is, the state employs the federal definition of income and deductions with certain modifications. Act 16 of the First Extraordinary Session of 1986 enacted R.S. 47:287.2 through 47:287.785 relative to corporation income tax and provided for the conformance of this tax to the federal tax system.

For multi-state corporations, Louisiana net income is generally determined through formula apportionment. Under the formula apportionment method, total net income is generally apportioned to Louisiana based on the average of three factors: property, revenue, and wages.

Domestic corporations and other entities taxed as corporations for federal income tax purposes that organized under the laws of Louisiana, unless specifically exempted, must file an income tax return each year. Foreign corporations and other entities taxed as corporations for federal income tax purposes, organized under the laws of other states, who derive income from Louisiana sources, regardless of whether or not they have net income, must file an income tax return unless specifically exempted.

An income tax return is due by the fifteenth day of the fourth month following the close of an accounting period. For income tax periods beginning on and after January 1, 2016, the income tax return is due by the fifteenth day of the fifth month following the close of an accounting period.

### **Legal Citations**

R.S. 47:287.2 through 47:287.785

### **Tax Base**

Taxable income earned within or derived from sources within Louisiana.

### **Tax Rate**

Four percent on the first \$25,000; five percent on the next \$25,000; six percent on the next \$50,000; seven percent on the next \$100,000; eight percent on the taxable income above \$200,000.

### **Type of Tax Exemptions**

Corporation income tax exemptions are in the form of exemptions/exclusions, deductions, and credits. An exemption/exclusion generally means that a corporation is statutorily exempt from the imposition of the corporate income tax because of the nature of the corporation's business or a specific item of income that is not taxed. Deductions are generally defined as a reduction in net income to arrive at taxable income. Credits are generally defined as a reduction to the amount of tax due. All exemptions related to corporation income tax are contained in this report.

The federal income tax deduction, although a statutory deduction, is also required by the state constitution. Repeal of this deduction requires a vote of the people. For this reason, this deduction has been separated from the others and appears at the end of this section.

### **Significant Changes**

#### **2017 Regular Legislative Session**

Act 325 changes for all purchases of qualified clean-burning motor fuel property on or after January 1, 2018, the tax credit from refundable to nonrefundable. The act also reduces credit from 36% to 30% of the cost of qualified clean-burning motor vehicle fuel property. For the purchase of new vehicles originally equipped to be propelled by an alternative fuel, it eliminates the option of determining the exact cost that is attributable to the alternative fuel property and provides a credit equal to the lesser of 7.2% of the cost of the new vehicle or \$1,500. The Act requires commercial vehicles to be registered and primarily used in Louisiana for four years after the conversion to be eligible for the credit and clarifies that costs associated with fueling station infrastructure that is not directly related to the delivery of an alternative fuel into the fuel tank of motor vehicles are not eligible for the credit. *Effective June 22, 2107.*

Act 338 authorizes eligibility for the inventory tax credit for certain property held by persons engaged in the short term rental of such items. "Short term rental" is defined as the rental of tangible personal property for less than 365 days, for an undefined period, or under an open-ended agreement. *Effective June 22, 2017, for tax periods beginning on or after January 1, 2016.*

Act 352 provides an exclusion from gross income for amounts received as dividend income by any member of a regulated

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# Corporation Income Tax

---

## { Introduction }

group of entities. *Effective for tax years beginning on or after January 1, 2018.*

Act 358 excludes compensation earned by a nonresident business or employee that performs disaster or emergency-related work within the state during a disaster period. *Effective July 1, 2017 and applicable to tax years beginning on or after January 1, 2018.*

Act 377 converts the rebate authorized in prior law for donations to student tuition organizations (STO) to a nonrefundable tax credit for donations made on or after January 1, 2018 with a three year credit carryforward period. It also provides that the credit is earned when the donation is made and prohibits the use of any other state tax credit, deduction, exemption or tax benefit claimed pursuant to the donation. The Act requires funds to be designated for a specific student and requires the STO to make an accounting of all funds received on July 1 of each year. *Effective June 23, 2017.*

Act 385 repeals previous requirement that taxpayers affiliated or related to another entity through common ownership by the same interests or as parent and subsidiary be treated as a single taxpayer for purposes of determining the eligible amount of inventory tax credit. However, it maintains the requirement for taxpayers included in a consolidated federal return. *Effective June 23, 2017 and applicable to claims for a credit authorized by R.S. 47:6006 on a return filed on or after July 1, 2017.*

Act 400 makes permanent the reductions to income and corporate franchise tax credits enacted by Act 125 of 2015. The Act rounds the credit values from percentages to whole numbers and removes the 2015 reduction to the insurance premium tax credit. *Effective June 26, 2017 and applicable to taxable periods beginning on or after January 1, 2017, unless otherwise provided by the statute granting the credit.*

Act 403 repeals the reduction to the insurance company premium tax (R.S. 47:227) imposed by Act 125 of the 2015 Regular Session and amends and terminates the following tax credits as of January 1, 2020 unless otherwise stated:

- R.S. 47:34 & 47:287.749 - New jobs credit
- R.S. 47:37 & 47:287.755 - Contributions of tangible personal property of a sophisticated nature & technological nature to educational institutions
- R.S. 47:287.748 - Corporation tax credit; re-entrant jobs credit
- R.S. 47:287.752 & 47:297(O) - Credit for employment of first-time nonviolent offenders
- R.S. 47:6019 - Historic rehabilitation credit-terminates the credit for expenses incurred on or after January 1, 2022
- R.S. 47:6035 - Alternative fuel tax credit for purchases made on or after January 1, 2022.

Act 418 removes the limitation of prior law on awards of the tax credit for ad valorem tax paid on offshore vessels when the ad valorem tax is paid under protest. The Act requires a taxpayer who pays the ad valorem tax under protest to notify LDR within five business days of the date that the lawsuit is filed and provides recapture authority to LDR for credits where the taxpayer prevails in the lawsuit against the political subdivision. Applicable to corporation income tax periods beginning on and after January 1, 2017 and corporation franchise tax periods beginning on or after January 1, 2018. *Effective July 1, 2017.*

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# Corporation Income Tax

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# Corporation Income Tax

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## { Exemptions/Exclusions }

### 1. Credit Unions

Credit unions, together with all accumulations therein, are exempt from all taxes except for immovable property owned. The shares of a credit union are not subject to a stock-transfer tax when issued by the corporation or when transferred from one member to another. No fees or taxes, nor any of the stipulations as to capital stock set forth in general statutes for corporations, apply to credit unions. The purpose of this exemption is to minimize the tax burden on these nonprofit organizations.

#### Legal Citation

R.S. 6:662

#### Origin

Acts 1924, No. 40

#### Effective Date

July 1, 1924

#### Beneficiaries

Individuals who are a member of a state- or federal-chartered credit union

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

### 2. Certain Foreign Corporations

Foreign corporations operating as mutual savings banks, mutual savings funds societies, real estate investment trusts, state banks or trust companies, insurance companies, corporations associated with real estate investment trusts, group insurance and annuity corporations, and nonprofit or nontrading corporations are exempt from state corporation income tax if their Louisiana operations are limited to certain activities related to making, acquiring, or participating in loans. The purpose of this exemption is to make it easier for Louisiana businesses and individuals to borrow money.

#### Legal Citations

R.S. 12:302(K) and (L)

#### Origin

Acts 1968, No. 105

#### Effective Date

1968

#### Beneficiaries

Certain foreign corporations referred to in the law

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

---

# Corporation Income Tax

---

## { Exemptions/Exclusions }

### 3. Electric Cooperatives

Electric cooperatives are exempt from all excise and income taxes, except for the fee of \$10 for each 100 persons, or fraction thereof, to whom electricity is supplied within the state. The purpose of this exemption is to minimize the tax burden on nonprofit electric cooperatives.

#### Legal Citation

R.S. 12:425

#### Origin

Acts 1924, No. 266

#### Effective Date

July 1, 1940

#### Beneficiaries

Individuals and companies purchasing electricity from electric cooperatives

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

### 4. State Banking Corporations and Shareholders

State banking corporations and their shareholders are taxed in the same manner as National Banking Corporations who are exempt from corporation income tax. The purpose of this exemption is to grant state corporations and their shareholders the same tax exemptions allowed to national banking corporations and their shareholders.

#### Legal Citations

R.S. 47:8, R.S. 47:121(2)

#### Origin

Acts 1966, No. 445

#### Effective Date

July 1, 1966

#### Related Provision

R.S. 12:302(K) and (L)

#### Beneficiaries

State chartered banks and their shareholders

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

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# Corporation Income Tax

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## { Exemptions/Exclusions }

### 5. Dividends from National Banking Corporations and State Banking Corporations

Dividends from national banking corporations and state banking corporations are excluded from the gross income of corporations. The federal law in effect at the time the state income tax statutes were enacted prohibited states from taxing dividends of national banking corporations. Although this prohibition was removed, Louisiana did not change its statutes to tax these dividends. The purpose of this exclusion is to comply with federal laws in effect at the time of enactment.

#### Legal Citation

R.S. 47:287.71(B)(6)

#### Origin

Acts 1934, No. 21, Acts 1986, 1st Ex. Sess., No. 16, amended by Acts 2015, No. 123; Acts 2016, 1st Ex. Sess., No. 1; Acts 2017, No. 352

#### Related Provision

R.S. 47:287.738(F)

#### Beneficiaries

Individual and corporate shareholders of national banking corporations

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

### 6. Interest on State or Local Government Obligations

Interest received on obligations issued by the state or its political or municipal subdivisions is excluded from gross income. The purpose of this exclusion is to encourage investment in Louisiana obligations.

#### Legal Citations

R.S. 47:48, R.S. 47:287.71(B)(4)

#### Origin

Acts 1934, No. 21 , Acts 1986, 1st Ex. Sess., No. 16

#### Effective Date

1934

#### Related Provision

R.S. 47:287.738(F)

#### Beneficiaries

State and local governments and the individuals and entities that invest in their obligations

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

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# Corporation Income Tax

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## { Exemptions/Exclusions }

### 7. Certain Exempt Entities

Organizations described in Internal Revenue Code sections 401(a) or 501 are exempt from corporation income tax to the extent that those organizations are exempt from income taxation under federal law. Also, the Louisiana corporation income statute exempts certain other entities. The purpose of this exemption is to provide financial assistance to these nonprofit organizations. The following is a list of exempt entities:

- A. Labor, agricultural, and horticultural organizations that are educational or instructive in character, and are designed to encourage the development of agricultural and horticultural products. The income from these organizations must be used exclusively to meet the necessary expenses of upkeep and operation.
- B. Mutual savings banks, national banking corporations, and banking corporations organized under the laws of the state of Louisiana, who pay a tax for their shareholders, or whose shareholders pay a tax on their shares of stock under other laws of this state, and building and loan associations.
- C. Fraternal beneficiary societies, orders, or associations operating under the lodge system, or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, or other benefits to members of the society, order, or association or their dependents.
- D. Nonprofit cemetery companies owned and operated exclusively for the benefit of their members.
- E. Any corporation, community chest, or fund, organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, or for the prevention of cruelty to children or animals.
- F. Business leagues, chambers of commerce, real estate boards, or boards of trade not organized for profit and no part of the net earnings benefits any private shareholder or individual.
- G. Nonprofit civic leagues or organizations operated exclusively for charitable, educational, or recreational purposes.
- H. Clubs organized and operated exclusively for pleasure, recreation, or other nonprofit purposes.

### 7. Certain Exempt Entities (*continued*)

- I. Benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations, but only if 85 percent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses.
- J. Farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations (including interinsurers and reciprocal underwriters), but only if the income of which is used or held for the purpose of paying losses or expenses.
- K. Certain farmers, fruit growers, or like associations organized and operated on a cooperative basis for the purpose of marketing products or purchasing supplies and equipment.
- L. Corporations organized by exempt farmers' cooperatives to finance crop operations of members.
- M. Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to organizations that are organized and operated exclusively for religious, charitable, scientific, literary, and educational purposes. No part of the net earnings can benefit any private stockholder.
- N. Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of the association or their dependents.
- O. Teachers' retirement fund associations of a purely local character, if no part of their net earnings (other than through payment of retirement benefits) benefits a private shareholder or individual, and if the income consists solely of amounts received from public taxation, amounts received from assessments upon the teaching salaries of members, and income in respect of investments.

#### Legal Citations

R.S. 47:121(1)-(15), R.S. 47:287.501(A), R.S. 47:287.501(B)(1), R.S. 47:287.521(A)

#### Origin

Acts 1934, Nos. 21 and 28, amended by Acts 1986, 1st Ex. Sess., No. 16

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# Corporation Income Tax

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## { Exemptions/Exclusions }

### 7. Certain Exempt Entities *(continued)*

**Effective Date**

1934

**Beneficiaries**

Members and shareholders of these exempt corporations

**Estimated Fiscal Effect**

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

### 8. Louisiana Community Development Financial Institutions

A Louisiana Community Development Financial Institution (LCDFI) is any legal entity whose primary business activity is the investment of cash to acquire equity in or provide financing assistance as a licensed business and industrial development corporation to qualified Louisiana businesses in low-income communities.

LCDFI corporations themselves are exempt from corporation income and franchise taxes for five consecutive taxable periods. The exemption from the corporation income tax shall commence with the taxable period in which the capital company is certified by the commissioner of the Louisiana Office of Financial Institutions.

The exemption was changed by Act 123 of the 2015 Legislative Session for tax returns filed beginning on or after July 1, 2015 but before June 30, 2018, regardless of the tax year to which it relates. If an extension was granted prior to July 1, 2015 and the return was filed by the extended due date, the exemption is reduced; but one-third of the reduced portion of the exemption may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019. The exemption allowed starting in FYE 6-16 is for four consecutive taxable periods.

**Legal Citation**

R.S. 51:3092

**Origin**

Acts 2005, No. 491, amended by Acts 2007, No. 345; Acts 2015, No. 123

**Effective Date**

July 12, 2005

**Sunset Date**

July 1, 2009

**Related Provision**

R.S. 51:3085

**Beneficiaries**

Taxpayers that invest in LCDFI's, the LCDFI, and low-income communities

**Estimated Fiscal Effect**

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

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# Corporation Income Tax

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## { Exemptions/Exclusions }

### 9. Governmental Subsidies for Operating Public Transportation Systems

Funds received by a corporation from a governmental entity to subsidize the operation and maintenance of a public transportation system are excluded from gross income. The purpose of this exclusion is to provide financial assistance to public transportation systems.

The exemption was changed by Act 123 of the 2015 Legislative Session for tax returns filed beginning on or after July 1, 2015 but before June 30, 2018, regardless of the tax year to which it relates. If an extension was granted prior to July 1, 2015 and the return was filed by the extended due date, the exemption is reduced; but one-third of the reduced portion of the exemption may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019. The exemption allowed starting in FYE 6-16 is limited to 72 percent of the funds received.

#### Legal Citations

R.S. 47:51, R.S. 47:287.71(B)(2)

#### Origin

Acts 1979, No. 300, Acts 1986, 1st Ex. Sess., No. 16, amended by Acts 2015, No. 123

#### Effective Date

Taxable periods beginning on or after January 1, 1979

#### Beneficiaries

Certain public-service corporations

#### Estimated Fiscal Effect

\$0; this exclusion has been inactive. No future activity is anticipated.

### 10. Subchapter S Corporation

Corporations classified as S corporations under Subchapter S of the Internal Revenue Code are required to file Louisiana corporation income tax returns. To arrive at taxable income Subchapter S corporations may exclude a percentage of their Louisiana net income. The excludable percentage is determined by dividing the number of issued and outstanding shares of capital stock of the Subchapter S corporation owned by Louisiana "resident individuals" on the last day of the corporation's tax year by the total number of issued and outstanding shares of capital stock of the corporation on the last day of the corporation's tax year. No share will be excluded unless its owner has filed a Louisiana individual income tax return that includes the owner's share of the Subchapter S corporation's income. The purpose of this exclusion is to limit income taxation on Subchapter S corporation income to either the corporate or shareholder level. The revenue loss associated with this exclusion is the gross revenue loss calculated using corporate income tax return data and is not offset by the amount of income tax paid on the Subchapter S corporation income included on individual income tax returns.

#### Legal Citation

R.S. 47:287.732

#### Origin

Acts 1989, No. 622

#### Effective Date

Taxable periods beginning on or after January 1, 1991

#### Beneficiaries

Subchapter S corporation shareholders

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$520,486,000	\$530,896,000

LDR is unable to include the impact of all amended returns on the estimated fiscal effect. Therefore the above amount is the estimated fiscal effect of original returns and amended returns on original returns filed on or after July 1, 2013.

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# Corporation Income Tax

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## { Exemptions/Exclusions }

### 11. Compensation for Disaster Services

A nonresident business entity whose services are requested by a registered business in the state or by a state or local government that performs disaster or emergency-related work within the state during a declared or emergency period shall exclude all income received for disaster or emergency-related work conducted in the state during the disaster period.

#### Legal Citations

R.S. 47:53.5, R.S. 47:242, R.S. 47:287.71

#### Origin

Acts 2017, No. 358

#### Effective Date

Taxable periods beginning on or after January 1, 2018

#### Beneficiaries

Nonresident businesses that perform disaster or emergency-related work within the state during a disaster period

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect of this exclusion; the exclusion is for tax year 2018 which will first be filed in FYE 6-19.

## { Deductions }

### 12. Percentage Depletion

Louisiana allows a depletion deduction for oil and gas wells that is the greater amount of cost depletion determined under federal law, or percentage depletion determined under Louisiana law (Louisiana depletion). For returns filed before July 1, 2015, Louisiana depletion was 22 percent of each property's gross income less 100 percent of rents or royalties paid in relation to the property, limited to 50 percent of the net income of the property. Louisiana depletion was changed by Act 123 of the 2015 Legislative Session for tax returns filed beginning on or after July 1, 2015 but before June 30, 2018, regardless of the tax year to which it relates. Louisiana depletion was changed to 15.8 percent of each property's gross income less 72 percent of any rents or royalties paid in relation to the property, limited to 36 percent of the net income of the property. The purpose of this deduction is to promote oil and gas exploration and production.

Act 123 also provided that if an extension was granted prior to July 1, 2015 and the return was filed by the extended due date, the deduction is reduced; but one-third of the reduced portion of the deduction may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citations

R.S. 47:158(C), R.S. 47:287.745

#### Origin

Acts 1934, No. 21, Acts 1986, 1st Ex. Sess., No. 16, amended by Acts 2015, No. 123

#### Effective Date

1934

#### Beneficiaries

Corporations with percentage depletion on oil and gas properties that is greater than their cost depletion

#### Estimated Fiscal Effect

The Department has no data on this deduction and is unable to determine its estimated fiscal effect.

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# Corporation Income Tax

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## { Deductions }

### 13. Net Louisiana Operating Loss

For returns filed prior to July 1, 2015, corporations are allowed to carry a net operating loss deduction back for 3 years and forward for 15 years. For returns filed on or after July 1, 2015, corporations are allowed to carry a net operating loss deduction forward for 20 years. The deduction is limited to 72 percent of net income. Acts 2016 1st Ex. Sess., No. 6 made the reduction permanent while Act 24 required that net operating loss deductions be applied in order of the year of loss, beginning with the most recent taxable year to be applied first. The purpose of this deduction is to allow corporations to offset losses made in one tax year with income earned in another.

The deduction was changed by Act 123 of the 2015 Legislative Session for tax returns filed beginning on or after July 1, 2015 but before June 30, 2018 regardless of the tax year to which it relates. If an extension was granted prior to July 1, 2015 and the return was filed by the extended due date, the deduction is reduced; but one-third of the reduced portion of the deduction may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019. The deduction allowed starting in FYE 6-16 is limited to 72 percent of the net income.

#### Legal Citations

R.S. 47:246, R.S. 47:287.86

#### Origin

Acts 1979, No. 586, Acts 1986, 1st Ex. Sess., No. 16, amended by Acts 2015, Nos. 103 and 123; Acts 2016 1st Ex. Sess., Nos. 6 and 24

#### Effective Date

Taxable periods beginning after December 31, 1978

#### Beneficiaries

Corporations that have losses for one year that can be offset against income earned during other years

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$251,832,000	\$256,869,000

LDR is unable to include the impact of all amended returns on the estimated fiscal effect due to availability of data. Therefore the above amount is the estimated fiscal effect of original returns and amended returns on original returns filed on or after July 1, 2013.

### 14. I.R.C. Section 280C Expense

A deduction is allowed for any expenses that are disallowed under I.R.C. Section 280C. For federal purposes, taxpayers can not claim certain tax credits and deduct certain expenses associated with those credits. I.R.C. Section 280C requires a taxpayer who elects to claim certain credits that are based on an expense to reduce the federal deduction for the expense by the dollar amount of the credit claimed. This deduction allows the taxpayer to reduce their federal taxable income by the amount of the deduction that was disallowed for federal income tax purposes.

The deduction was changed by Act 123 of the 2015 Legislative Session for tax returns filed beginning on or after July 1, 2015 but before June 30, 2018, regardless of the tax year to which it relates. If an extension was granted prior to July 1, 2015 and the return was filed by the extended due date, the deduction is reduced; but one-third of the reduced portion of the deduction may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019. The deduction allowed starting in FYE 6-16 is limited to 72 percent of the expenses disallowed under I.R.C. Section 280C.

#### Legal Citation

R.S. 47:287.73(C)(4)

#### Origin

Acts 1986, 1st Ex. Sess., No. 16, amended by Acts 2015, No. 123

#### Effective Date

December 24, 1986

#### Beneficiaries

Corporations claiming certain credits on their federal returns

#### Estimated Fiscal Effect

The Department has no data on this deduction and is unable to determine its estimated fiscal effect.



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# Corporation Income Tax

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## { Deductions }

### 15. Interest Income and Dividend Income

A deduction is allowed from gross income of an amount equal to interest and dividend income that is included on the federal income tax return.

The deduction was changed by Act 123 of the 2015 Legislative Session for tax returns filed beginning on or after July 1, 2015 but before June 30, 2018, regardless of the tax year to which it relates. If an extension was granted prior to July 1, 2015 and the return was filed by the extended due date, the deduction is reduced; but one-third of the reduced portion of the deduction may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019. The deduction allowed starting in FYE 6-16 is limited to 72 percent of the dividends that would otherwise be included in gross income.

#### Legal Citation

R.S. 47:287.738(F)

#### Origin

Acts 2005, No. 401, amended by Acts 2015, No. 123

#### Effective Date

Taxable periods beginning after December 31, 2005

#### Beneficiaries

Taxpayers who have received interest income or dividend income that was included on their federal income tax return

#### Estimated Fiscal Effect

The Department has no data on this deduction and is unable to determine its estimated fiscal effect.

### 16. Hurricane Recovery Entity Benefits

Corporations who received funds from a hurricane recovery entity and were required to include those funds on the federal income tax return are allowed a deduction for such funds. The deduction is for hurricane recovery benefits provided by the Road Home Corporation, the Louisiana Recovery Authority, the Louisiana Family Recovery Corps and the Disaster Recovery Unit, and is retroactive.

The deduction was changed by Act 123 of the 2015 Legislative Session for tax returns filed beginning on or after July 1, 2015 but before June 30, 2018, regardless of the tax year to which it relates. If an extension was granted prior to July 1, 2015 and the return was filed by the extended due date, the deduction is reduced; but one-third of the reduced portion of the deduction may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019. The deduction allowed starting FYE 6-16 is limited to 72 percent of the funds from a hurricane recovery entity if such benefit was included in federal adjusted gross income.

#### Legal Citation

R.S. 47:287.738(G)

#### Origin

Acts 2007, No. 247, amended by Acts 2011, No. 401; Acts 2015, No. 123

#### Effective Date

July 6, 2007 but is retroactive

#### Beneficiaries

Taxpayers who have received hurricane recovery benefits that were included on their federal income tax return

#### Estimated Fiscal Effect

The Department has no data on this deduction and is unable to determine its estimated fiscal effect.

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# Corporation Income Tax

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## { Credits }

### 17. Insurance Company Premium Tax

A non-refundable credit is allowed for any premium taxes paid to the Insurance Commissioner of the state of Louisiana. The purpose of this credit is to allow an offset for the premium taxes paid. An offset provided under R.S. 22:8832 and R.S. 22:2058 against the premium tax liability has reduced the impact of the premium tax credit. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit allowed is for 72 percent of the premium taxes paid. Acts 2017, No. 403 repealed this reduction effective June 26, 2017.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:227

#### Origin

Acts 1934, Nos. 21 and 61, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### Effective Date

1934

#### Beneficiaries

Insurance companies that pay premium taxes

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$41,080,000	\$41,901,000

### 18. Bone Marrow Donor Expense

A non-refundable credit is allowed for 25 percent of certain expenses paid or incurred during the tax year by an employer to provide a program for employees who are potentially or who actually become bone-marrow donors for returns filed during FYE 6-15. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is allowed for 18 percent of qualified expenses. The purpose of this credit is to encourage bone-marrow donation.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:287.758

#### Origin

Acts 1992, No. 206, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

August 21, 1992

#### Provision for Other Taxes

R.S. 47:297(I)

#### Beneficiaries

Individuals who donate bone-marrow and individuals who need bone-marrow transplants.

#### Estimated Fiscal Effect

\$0; no activity is anticipated.

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# Corporation Income Tax

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## { Credits }

### **19. Employment of Certain First-Time Nonviolent Offenders**

For returns filed during FYE 6-15, a non-refundable credit of \$200 per employee per year for a maximum of two years is allowed for employing certain first time nonviolent offenders. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is for \$140 per employee. The offender must have successfully completed a court-ordered program and have worked 180 full-time days. The purpose of this credit is to encourage employment of first-time nonviolent offenders.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citation**

R.S. 47:287.752

#### **Origin**

Acts 1994, 3rd Ex. Sess., No. 104, amended by Acts 2005, No. 285; Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### **Effective Date**

Taxable periods beginning on or after January 1, 1994

#### **Sunset Date**

December 31, 2019

#### **Provision for Other Taxes**

R.S. 47:297(O)

#### **Beneficiaries**

First-time nonviolent offenders who are employed by businesses that receive the credit and the companies and individuals who employ them

#### **Estimated Fiscal Effect**

The Department is unable to estimate the fiscal effect; there were no credits claimed in the Fiscal Year 2016-17.

### **20. Donations to Assist Qualified Playgrounds**

A nonrefundable tax credit is allowed for donations to assist qualified playgrounds in certain economically depressed areas. The donation may be in the form of cash, equipment, goods, or services. The purpose of this credit is to encourage donations to qualifying playgrounds.

For returns filed during FYE 6-15, the credit is equal to the lesser of \$1,000 or one-half the value of the donation. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is equal to the lesser of \$720 or 36 percent of the value of the donation.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citation**

R.S. 47:6008

#### **Origin**

Acts 1992, No. 898 amended by Acts 1997, No. 658; Acts 2002, No. 11; Acts 2015, No. 125; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 400

#### **Effective Date**

Tax periods beginning after December 31, 1992

#### **Beneficiaries**

Economically depressed areas benefit from this credit, which should help to improve the quality of life of the residents

#### **Estimated Fiscal Effect**

The Department is unable to estimate the fiscal effect; there were no credits claimed in the Fiscal Year 2016-17.

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# Corporation Income Tax

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## { Credits }

### 21. Contribution of Tangible Personal Property of Sophisticated & Technological Nature to Educational Institutions

A non-refundable credit is allowed for contributions of tangible personal property of a sophisticated and technological nature to educational institutions. For returns filed during FYE 6-15, the credit allowed is 40 percent of the property's value, or, in the case of sales below cost, 40 percent of the difference between the price received and the property's value, subject to the limitations prescribed in the statute. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit allowed is for 29 percent, subject to the limitations prescribed in the statute. The purpose of this credit is to allow a tax credit to corporations, persons, estates, and trusts that donate, sell below cost, or contribute properties of a sophisticated and technological nature to educational institutions in the state of Louisiana.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citations

R.S. 47:37, R.S. 47:287.755

#### Origin

Acts 1983, No. 667; Acts 1986, 1st Ex. Sess., No. 16; Acts 1997, No. 658, amended by Acts 2015, No. 125; Acts 2017 Nos. 400 and 403

#### Effective Date

January 1, 1984

#### Sunset Date

December 31, 2019

#### Beneficiaries

Educational institutions, students, teachers, and the state as a whole

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there were credits claimed in FYE 6-17, but none were claimed in FYE 6-15 or FYE 6-16

### 22. Employee and Dependent Health Insurance Coverage

A non-refundable tax credit is allowed for providing employee and dependent health insurance coverage when any contractor or subcontractor with a contract for the construction of a public work offers health insurance coverage and pays at least 75 percent of the total premium for the health insurance coverage for each full-time employee who elects to participate and pays at least 50 percent of total premium for each dependent of the full-time employee who elects to participate. For returns received during FYE 6-15, contractors who participate are eligible for a five percent income tax credit on 40 percent of the amount of the contract received in a tax year, not to exceed \$3 million per year. For returns received on or after July 1, 2015, regardless of the tax year to which it relates, contractors who participate are eligible for a three percent income tax credit on 40 percent of the amount of the contract received in a tax year, not to exceed \$2.6 million per year. The credit is allowed against the income tax for the period in which the credit is earned.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:287.759

#### Origin

Acts 2005, No. 504, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

For tax years beginning on and after January 1, 2005

#### Sunset Date

Taxable periods beginning after December 31, 2007

However, unused credits may still be claimed.

#### Beneficiaries

Qualified contractors or subcontractors offering health insurance coverage

#### Estimated Fiscal Effect

This credit sunsetted December 31, 2007; however any unused credits may still be used.

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# Corporation Income Tax

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## { Credits }

### **23. Donations to Public Elementary or Secondary Schools**

A non-refundable credit is allowed for qualified donations made to public elementary or secondary schools. For returns filed during FYE 6-15, the credit allowed is for 40 percent of the appraised value of the donation. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit allowed is for 29 percent of the appraised value of the donation. For tax years beginning on or after January 1, 2017, the credit allowed is for 28 percent of the appraised value of the donation.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citation**

R.S. 47:6013

#### **Origin**

Acts 1998, No. 51, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### **Effective Date**

July 1, 1998

#### **Beneficiaries**

Corporations that make such donations and public schools in the state

#### **Estimated Fiscal Effect**

\$0; this credit has been inactive. No future activity is anticipated.

### **24. Debt Issuance Costs**

An economic development corporation is allowed a non-refundable credit equal to the filing fee paid to the Louisiana Bond Commission for the preparation and issuance of bonds for returns filed during FYE 6-15. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is equal to 72 percent of the filing fee paid.

The credit shall be taken as a credit against applicable tax or taxes in the taxable period in which the expenses were incurred, not to exceed the total tax liability for that taxable year.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citation**

R.S. 47:6017

#### **Origin**

Acts 2002, No. 78, amended by Acts 2015, No. 125; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 400

#### **Effective Date**

June 25, 2002

#### **Beneficiaries**

Economic development corporations

#### **Estimated Fiscal Effect**

\$0; this credit has been inactive. No future activity is anticipated.

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# Corporation Income Tax

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## { Credits }

### **25. Donations of Property to Certain Offices and Agencies**

A non-refundable credit is allowed for 50 percent of the value of historical property donated to the Old State Capitol, the State Capitol Complex, and the State Archives. The amount of the credit in any year is limited to 25 percent of the donor's tax liability. The maximum amount of credit that may be granted in the aggregate in any single year is \$70,000. The purpose of this credit is to encourage donations to certain state agencies property with historical value. This serves to preserve such property for future generations.

#### **Legal Citation**

R.S. 47:6011

#### **Origin**

Acts 1996, No. 10, amended by Acts 1998, No. 16

#### **Effective Date**

August 1, 1996

#### **Sunset Date**

June 30, 2000

However, unused credits may be carried forward until the full credit has been used.

#### **Beneficiaries**

Corporations that make donations

#### **Estimated Fiscal Effect**

\$0; This credit sunsetted June 30, 2000; however any unused credits may still be used.

### **26. Donations of Material, Equipment, or Instructors Made to Certain Training Providers**

A non-refundable credit is allowed for donations of materials, equipment, or instructors made to training providers, vocational/technical schools, apprenticeship programs registered with the Louisiana Workforce Commission, or community colleges within the state. For returns filed during FYE 6-15, the credit is for one-half the value of the materials, equipment, or services donated. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is for 36 percent of the value. The tax credit when combined with other tax credits cannot exceed 20 percent of the employer's tax liability for any taxable year.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citation**

R.S. 47:6012

#### **Origin**

Acts 1998, No. 30, amended by Acts 2002, No. 11; Acts 2015, No. 125; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 400

#### **Effective Date**

June 24, 1998

#### **Sunset Date**

December 31, 2000

#### **Reestablished**

August 15, 2002 for taxable periods beginning after December 31, 2002

#### **Beneficiaries**

Corporations who take the tax credit and the citizens of the state that benefit from better equipped training facilities

#### **Estimated Fiscal Effect**

\$0; no activity is anticipated.

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# Corporation Income Tax

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## { Credits }

### **27. Employment of the Previously Unemployed**

A non-refundable credit is allowed for employment of each previously unemployed person in a qualified newly created full-time job and is allowed during the taxable period that the employee has completed one year of full-time service with the employer. The credit is in lieu of other job tax credits provided for in the law. The purpose of this credit is to encourage creation of new jobs, which will provide job opportunities for the previously unemployed. For returns filed during FYE 6-15, the credit is \$750 for each qualified new job and employee. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is \$540 for each qualified new job and employee.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citation**

R.S. 47:6004

#### **Origin**

Acts 1989, No. 636, amended by Acts 2015, No. 125; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 400

#### **Effective Date**

Taxable periods beginning on or after July 1, 1990

#### **Beneficiaries**

Corporations who hire previously unemployed Louisiana citizens as well as Louisiana citizens who benefit from new employment, production and income opportunities

#### **Estimated Fiscal Effect**

\$0; no activity is anticipated.

### **28. Purchase of Qualified Recycling Equipment**

A non-refundable credit is allowed for the purchase of new recycling manufacturing or process equipment and/or qualified service contracts. If the equipment is sold before the total credit is claimed, the credit otherwise allowable may be claimed in the tax year of the sale and any unused credit is canceled for future periods.

The amount of the credit is computed at 20 percent of the cost of the equipment less other tax credits received for the purchase of the equipment, but may not exceed 50 percent of the tax liability before the credit for returns filed during FYE 6-15. Total credits certified by the secretary of the Department of Environment Quality in any calendar year shall not exceed five million dollars. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is allowed for 14.4 percent of the qualifying purchase or contract. For tax years beginning on or after January 1, 2017, the credit is allowed is for 14 percent. The total credits certified in any calendar year shall not exceed \$3.6 million.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citation**

R.S. 47:6005

#### **Origin**

Acts 1991, Nos. 359 and 1052, amended by Acts 2005, No. 319; Acts 2015, No. 125; Acts 2016 1st Ex. Sess., No. 29; Acts 2017, No. 400

#### **Effective Date**

Reestablished June 30, 2005

#### **Beneficiaries**

Corporations who invest in qualifying equipment in the state as well as Louisiana citizens who benefit from an improved environment

#### **Estimated Fiscal Effect**

A negligible amount for this credit was reported by taxpayers on the corporation income tax return data available at the time of publication.



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# Corporation Income Tax

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## { Credits }

### 29. Louisiana Basic-Skills Training

For returns filed during FYE 6-15, corporations are allowed a non-refundable credit of \$250 per qualified employee who participates in a basic-skills training program at an accredited school. The credit cannot exceed \$30,000 for any single business in a particular year. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is allowed for \$180 per qualified employee. Basic-skills training means any employer-paid training for qualified employees that enhances the employees' reading, writing, or mathematical skills to at least a twelfth grade level. The purpose of this credit is to encourage corporations to provide basic skills training, which will result in a more educated workforce.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6009

#### Origin

Acts 1992, No. 1098; amended by Acts 1997, No. 658; Acts 2015, No. 125; Acts 2016 1st Ex. Sess., No. 29; Acts 2017, No. 400

#### Effective Date

July 1, 1993

#### Beneficiaries

Companies who provide qualified training to employees as well as Louisiana employees who benefit from improved skills

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there were no credits claimed in the Fiscal Year 2016-17.

### 30. Apprenticeship

A non-refundable credit is allowed for employers for employing eligible apprentices. The credit is equal to one dollar for each hour of employment of each eligible apprentice, not to exceed 1,000 hours for each eligible apprentice. An eligible apprentice means a person who has entered into a written apprentice agreement with an employer or an association of employers pursuant to a registered apprenticeship program or a person who is enrolled in a training program accredited by the National Center for Construction Education and Research that has no less than four levels of training and no less than 500 hours of instruction.

#### Legal Citation

R.S. 47:6033

#### Origin

Acts 2007, No. 472, Amended by Acts 2011, No. 126

#### Effective Date

July 11, 2007 for taxable periods beginning after December 31, 2007

#### Repealed

Acts 2015, No. 357, effective June 29, 2015; however, taxpayers have ten years to utilize the credit.

#### Beneficiaries

Employers of eligible apprentices

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$17,000	\$17,000



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# Corporation Income Tax

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## { Credits }

### 31. Cash Donations to the Dedicated Research Investment Fund

A non-refundable credit is allowed for cash donations of \$200,000 or more to the Dedicated Research Investment Fund. The credit is equal to 35 percent of cash donations to the Dedicated Research Investment Fund. The purpose of this credit is to encourage donations to qualifying funds, which will assist the research industry in the state.

#### Legal Citation

R.S. 51:2203

#### Origin

Acts 1987, No. 300

#### Effective Date

July 5, 1987

#### Repealed

Acts 2013, No. 320, effective June 17, 2013

#### Beneficiaries

Qualifying research institutions

#### Estimated Fiscal Effect

\$0; the Dedicated Research Investment Fund was never created.

### 32. New Jobs

For returns filed during FYE 6-15, a non-refundable credit is allowed for each employee hired into a newly created job. The amount of the credit depends on whether the new employee qualifies as economically disadvantaged or is a resident of a neighborhood with an unemployment rate of 10 percent or more. The total jobs credit is limited to 50 percent of the tax liability. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is limited to 36 percent of the the tax liability. The purpose of this credit is to encourage corporations to create new jobs in Louisiana.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning calendar years 2017, 2018, and 2019.

#### Legal Citations

R.S. 47:34, R.S. 47:287.749

#### Origin

Acts 1978, No. 596, amended by Acts 1986, No.16; Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### Effective Date

1978

#### Sunset Date

December 31, 2019

#### Beneficiaries

Corporations creating new jobs

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$557,000	\$568,000

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# Corporation Income Tax

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## { Credits }

### 33. Certain Refunds Issued by Utilities

Refunds made by utility companies, resulting from denial of rate increases, may be credited against gross income. If a deduction from gross income would result in a net loss, the utility company may elect to take a non-refundable credit subject to certain limitations. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is equal to 72 percent of the income tax increase. The purpose of this credit is to accurately reflect the utility company's gross income.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years during calendar years 2017, 2018, and 2019.

#### Legal Citations

R.S. 47:265, R.S. 47:287.664

#### Origin

Acts 1960, Nos. 1 and 210, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

1960

#### Beneficiaries

Utility companies making refunds under these circumstances

#### Estimated Fiscal Effect

The effects of this credit have been replaced by the provisions of the net operating loss statute. (See R.S. 47:287.86.) Therefore, as long as §287.86 is valid there should be no fiscal effect.

### 34. Hiring Eligible Re-Entrants

For returns filed during FYE 6-15, a non-refundable credit is allowed for \$150 per eligible re-entrant and shall not exceed 50 percent of the corporate income tax for hiring re-entrants who have been convicted of a felony and who have successfully completed the Intensive Incarceration Program. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit allowed is \$108 per eligible re-entrant and shall not exceed 36 percent of the corporate income tax. The purpose of this credit is to provide job opportunities to qualified individuals.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:287.748

#### Origin

Acts 1987, No. 758, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### Effective Date

Taxable periods beginning after December 31, 1986

#### Sunset Date

December 31, 2019

#### Beneficiaries

Individuals employed as a result of this tax credit

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there were no credits claimed in the Fiscal Year 2016-17.

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# Corporation Income Tax

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## { Credits }

### 35. Neighborhood Assistance

A non-refundable credit is allowed to businesses that provide neighborhood assistance, job training for individuals, community service, or crime prevention to upgrade impoverished areas. For returns filed during FYE 6-15, the Commissioner of Administration may allow a credit of up to 70 percent of the actual amount contributed to approved programs. The credit for any corporation shall not exceed \$250,000 annually. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the Commissioner of Administration may allow a credit of up to 50 percent of the actual amount contributed to approved programs. The credit for any corporation shall not exceed \$180,000 annually. The total amount of the tax credit granted for programs approved by the Commissioner may not exceed one percent of the total amount of state corporate income tax collected in the prior fiscal year. The purpose of this credit is to encourage assistance to impoverished areas.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citations

R.S. 47:35, R.S. 47:287.753

#### Origin

Acts 1982, No. 653, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

July 22, 1982

#### Beneficiaries

Residents of impoverished areas of the state

#### Estimated Fiscal Effect

\$0; this credit has been inactive. No future activity is anticipated.

### 36. Rehabilitation of Historic Structures

A non-refundable credit is allowed for the eligible cost and expenses incurred during the rehabilitation of a historic structure located in a downtown development or a cultural district. Eligible structures must be nonresidential real property or residential rental property. The credit is for 25 percent of the eligible costs and expenses of the rehabilitation incurred prior to January 1, 2018 and 20 percent for eligible costs and expenses incurred on or after January 1, 2018, but before January 1, 2022. No taxpayer or affiliate shall claim more than five million dollars of credit per year for any number of structures rehabilitated within a particular downtown development or a cultural district. The credit is earned only in the year in which the property attributable to the expenditures is placed in service.

#### Legal Citation

R.S. 47:6019

#### Origin

Acts 2002, No. 60, amended by Acts 2004, 1st Ex. Sess., No. 12; Acts 2005, No. 439; Acts 2007, No. 182 and 298; Acts 2009, No. 444; Acts 2011, No. 409; Acts 2013, No. 263 and 418; Acts 2015, No. 108; Acts 2017, No. 403

#### Effective Date

July 1, 2002 and taxable periods beginning January 1, 2008 for a cultural district

#### Sunset Date

Taxable periods ending prior to January 1, 2022; however, taxpayers have five years to utilize the credit.

#### Beneficiaries

Individuals or businesses rehabilitating a qualified historic structure

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$21,898,000	\$22,460,000

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# Corporation Income Tax

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## { Credits }

### **37. Louisiana Community Development Financial Institutions Act**

This provision creates the Louisiana Community Development Financial Institutions (LCDFI) Act. A LCDFI is any legal entity whose primary business activity is the investment of cash to acquire equity in or provide financing assistance as a licensed business and industrial development corporation to qualified Louisiana businesses in low-income communities and provides for an income and franchise tax credit for individuals and businesses that invest in LCD-FIs. The credits are transferable and can be carried forward indefinitely. Any unused allocation of credits from a previous year may be carried forward and granted in the next year. For returns filed during FYE 6-15, the non-refundable credit is to be calculated as 75 percent of the investment. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is to be calculated as 54 percent of the investment.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citations**

R.S. 51:3081 through 3094

#### **Origin**

Acts 2005, No. 491 , amended by Acts 2007, No. 345; Acts 2015, No. 125; Acts 2017, No. 400

#### **Effective Date**

July 12, 2005

#### **Sunset Date**

July 1, 2009, but provisions relevant to any granted tax credits continue to apply until July 1, 2012

#### **Beneficiaries**

Taxpayers that invest in LCDFI's, LCDFIs and low-income communities

#### **Estimated Fiscal Effect**

\$0; no activity is anticipated.

### **38. Low-Income Housing**

A non-refundable credit is allowed to providers of certain low-income housing. The credit is computed in accordance with the provisions of Section 42 of the 1986 Internal Revenue Code as modified by Act 972 of the 1990 Legislative Session. The purpose of this credit is to encourage investment in low-income housing.

#### **Legal Citation**

R.S. 47:12

#### **Origin**

Acts 1990, No. 1033

#### **Effective Date**

Taxable periods beginning on or after July 1, 1990

#### **Sunset Date**

December 31, 1993

However, unused credits can be carried forward until used.

#### **Beneficiaries**

Corporations providing low-income housing and the recipients of low-income housing

#### **Estimated Fiscal Effect**

\$0; this credit has been inactive. No future activity is anticipated.

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# Corporation Income Tax

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## { Credits }

### 39. Donations to School Tuition Organization

A non-refundable credit is available for taxpayers who donate to certain school tuition organizations (STO). In order to qualify to receive the credit the taxpayer must file an income tax return with LDR. The credit is equal to the amount of the donation used by the STO to fund a scholarship, not including any administrative costs paid by the donation. The credit is earned when the donation is made.

#### Legal Citation

R.S. 47:6301

#### Origin

Acts 2017, No. 377

#### Effective Date

January 1, 2018

#### Beneficiaries

Taxpayers that make such donations and low-income students that receive such scholarships

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect of this credit; the credit is for donations made on or after January 1, 2018.

### 40. Inventory Tax/Ad Valorem Tax

A refundable tax credit is allowed for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers for returns filed during FYE 6-15. For returns filed on or after July 1, 2015, but before July 1, 2016, regardless of the tax year to which it relates, the credit allowed is equal to 100 percent of the ad valorem taxes paid if the amount paid is less than \$10,000. If the ad valorem taxes paid are \$10,000 or more, only 75 percent of the excess credit over tax can be refunded with the remaining 25 percent carried forward for five years.

For returns filed on or after July 1, 2016:

- Groups of affiliated companies are required to be treated as one taxpayer for purposes of the limitations on refundability.
- If the total amount eligible for the credit is less than or equal to \$500,000, 100 percent of any excess credit is refundable, and for total eligible amounts above \$500,000, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.
- For new business entities formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100 percent of any excess credit is refundable, and for total eligible amounts \$10,000 or more, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.
- The credit is nonrefundable for taxes paid on inventory by any manufacturer who claimed the property tax exemption under the Industrial Tax Exemption Program (ITEP) during the same year the inventory taxes were paid, and for taxes paid by any company related to such manufacturer on inventory that is related to the business of such manufacturer.

For tax periods beginning on or after January 1, 2016, certain property held by persons engaged in the short term rental of such items qualifies for the credit. For returns filed on or after July 1, 2017, only taxpayers that are included on the same consolidated federal income tax return are required to combine their inventory taxes paid in order to determine the amount of the excess credit that is refundable.

#### Legal Citation

R.S. 47:6006

#### Origin

Acts 1991, No. 153, amended by Acts 1994, No. 28; Acts 2002, No. 11; Acts 2005, No. 363; amended by Acts 2015 No. 133; Acts 2016, 2nd Ex. Sess., Nos. 4 and 5; Acts 2017, Nos. 338 and 385

# Corporation Income Tax

## { Credits }

### 40. Inventory Tax/Ad Valorem Tax (continued)

**Effective Date**

July 1, 1992

**Beneficiaries**

Corporations that are manufacturers, distributors and retailers paying ad valorem taxes on inventory

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$298,916,000	\$304,895,000

### 41. Ad Valorem Tax on Natural Gas

A refundable tax credit is allowed for the amount of ad valorem taxes paid to political subdivisions of Louisiana on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities for returns filed in FYE 6-15. For returns filed on or after July 1, 2015, but before July 1, 2016, regardless of the tax year to which it relates, the credit allowed is equal to 100 percent of the ad valorem taxes paid if the amount paid is less than \$10,000. If the ad valorem taxes paid are \$10,000 or more, only 75 percent of the excess credit over tax can be refunded with the remaining 25 percent carried forward for five years.

For returns filed on or after July 1, 2016:

- Groups of affiliated companies are required to be treated as one taxpayer for purposes of the limitations on refundability.
- If the total amount eligible for the credit is less than or equal to \$500,000, 100 percent of any excess credit is refundable, and for total eligible amounts above \$500,000, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.
- For new business entities formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100 percent of any excess credit is refundable, and for total eligible amounts \$10,000 or more, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.

For returns filed on or after July 1, 2017, only taxpayers that are included on the same consolidated federal income tax return are required to combine their taxes paid in order to determine the amount of the excess credit that is refundable.

**Legal Citation**

R.S. 47:6006

**Origin**

Acts 2005, No. 363; amended by Acts 2015 No. 133; Acts 2016, 2nd Ex. Sess., No. 4; Acts 2017, Nos. 338 and 385

**Effective Date**

August 15, 2005

**Beneficiaries**

Corporations paying ad valorem taxes on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$6,262,000	\$6,387,000

# Corporation Income Tax

## { Credits }

### 42. Ad Valorem Tax on Offshore Vessels

A refundable credit is allowed for ad valorem taxes paid on vessels that operate principally in Outer Continental Shelf Lands Act waters. To qualify for the credit, the taxpayer must certify to the assessor that the vessel operated principally in outer continental shelf waters within the calendar year immediately before the tax year of assessment of the vessel and the ad valorem tax must have been paid to the political subdivision without protest. However, for taxable periods beginning on or after January 1, 2018, a taxpayer who pays the ad valorem tax under protest must notify the Department of Revenue within five business days of the date that the lawsuit is filed. The credit is equal to 100 percent of the taxes paid.

**Legal Citation**

R.S. 47:6006.1

**Origin**

Acts 1994, 3rd Ex. Sess., No. 59, amended by Acts 2002, No. 11; Acts 2017, No. 418

**Effective Date**

July 7, 1994

**Beneficiaries**

Corporations paying ad valorem taxes on vessels operating in Outer Continental Shelf Lands Act Waters

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$32,289,000	\$32,935,000

### 43. Ad Valorem Tax Paid by Certain Telephone Companies

A refundable credit is allowed for 40 percent of the total ad valorem taxes paid to Louisiana political subdivisions by telephone companies on their public service properties which are assessed by the Louisiana Tax Commission at 25 percent of fair market value pursuant to R.S. 47:1854.

**Legal Citation**

R.S. 47:6014

**Origin**

Acts 2000, No. 22

**Effective Date**

The credit is effective for income tax years ending on or after December 31, 2001.

**Beneficiaries**

Telephone companies and the public they serve

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$20,000,000	\$20,400,000



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# Corporation Income Tax

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## { Credits }

### 44. Purchases from Prison Industry Enhancement Contractors

For returns filed during FYE 6-15, a refundable credit is allowed for the state sales and use taxes paid on purchases of specialty apparel items from a Private Sector Prison Industry Enhancement (PIE) contractor. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, a credit is allowed for 72 percent of the state sales and use taxes paid on purchases of specialty apparel items from a PIE contractor. PIE contractors use inmate labor to produce items for sale and then pay 30 percent of the salary paid to the inmates back to the state.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6018

#### Origin

Acts 2002, No. 32, amended by Acts 2007, No. 466; Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

The credit is effective for income and franchise tax becoming due after December 31, 2002

#### Reestablished

Taxable periods beginning on or after January 1, 2007

#### Beneficiaries

Private Sector Prison Industry Enhancement contractors and corporations who purchases items from them

#### Estimated Fiscal Effect

\$0; this credit has been inactive. No future activity is anticipated.

### 45. LA Citizens Property Insurance Corporation Assessment

A refundable credit is allowed for the amount of surcharges, market equalization charges, or assessments paid as a result of the assessments levied by the Louisiana Citizens Property Insurance Corporation due to Hurricanes Katrina and Rita. This credit is available to taxpayers who paid the assessments as a part of their property's insurance premium. For returns filed in FYE 6-15, the credit is equal to 100 percent of the assessment paid.

For returns filed on or after July 1, 2015, the credit is for 72 percent of the assessment paid. For taxable periods beginning on or after January 1, 2016, the credit is 25 percent.

A taxpayer can claim the credit after payment is made on a form provided by the secretary instead of on their Louisiana income tax return.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6025

#### Origin

Acts 2006, 2nd Ex. Sess., No. 4, amended by Acts 2007, No. 382; Acts 2015, Nos. 125; Acts 2016, 2nd Ex. Sess., No. 9; Acts 2017, Nos. 400 and 403

#### Effective Date

Taxable periods beginning on or after January 1, 2006

#### Sunset Date

December 31, 2019

#### Beneficiaries

Taxpayers who have paid the assessments levied by the LA Citizens Property Insurance Corporation

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,477,000	\$1,448,000



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# Corporation Income Tax

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## { Credits }

### 46. Sugarcane Transport

A refundable credit is allowed for the cost paid by a taxpayer to acquire an eligible sugarcane trailer, to replace an eligible sugarcane trailer, or to convert an ineligible sugarcane trailer to an eligible sugarcane trailer. "Eligible sugarcane trailer" means a trailer that hauls sugarcane and meets the requirements of R.S. 32:387.7(B). Effective for costs of conversions or modifications of eligible sugarcane trailers paid on and after January 1, 2009, but before January 1, 2014.

#### Legal Citation

R.S. 47:6029

#### Origin

Acts 2007, No. 365, amended by Acts 2007, No. 368

#### Effective Date

January 1, 2009

#### Sunset Date

December 31, 2013

#### Repealed

Acts 2015, No. 357, effective June 29, 2015

#### Beneficiaries

Owners of vehicles hauling sugarcane

#### Estimated Fiscal Effect

This credit sunsetted December 31, 2013.

### 47. Solar Energy System

As of January 1, 2017, a refundable credit is allowed for taxpayers who purchased and installed, through a lease with the residence owner, a solar electric system at a single-family detached residence located in the state. Only one credit is allowed per residence including prior installations for which a credit was received. The credit is equal to 38 percent of the first \$20,000 of the cost of such system. For the purpose of determining the amount of the credit on leased systems, the cost of a system is limited to no more than \$2 per watt. Since the system is limited to providing for no more than six kilowatts of energy, the maximum credit base for leased systems is \$12,000. The credit may be used in addition to any federal tax credits earned for the same system, except that, a taxpayer may not receive any other state tax credit, exemption, exclusion, deduction, or any other tax benefit for property for which a tax credit has been received under this Section. Only one tax credit is available for any eligible system and use of the credit must be disclosed when the property is sold.

The cap on the credit for non-leased systems has been reached for FYE 6-16, 6-17 and 6-18. The cap on the credit for leased systems has been reached for FYE 6-16. Act 413 of the 2017 Regular Session provides for payment of solar tax credit claims in annual installments for eligible taxpayers who were denied or would have been denied as a result of the credit cap provisions imposed by Act 131 of the 2015 Regular Session. The annual installments will be paid in equal parts over three fiscal years beginning in FYE 6-18 and ending in FYE 6-20.

Fiscal Year	Leased	Non-Leased
2014-2015	\$19 million	No cap
2015-2016	\$10 million	\$10 million
2016-2017	\$10 million	\$10 million
2017-2018	\$5 million	\$5 million

#### Legal Citation

R.S. 47:6030

#### Origin

Acts 2007, No. 371, amended by Acts 2009, No. 467; Acts 2013, No. 428; Acts 2015, No. 131; Acts 2017, No. 413

#### Effective Date

January 1, 2008

#### Beneficiaries

Taxpayers installing wind or solar energy systems on their property

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# Corporation Income Tax

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## { Credits }

### 47. Solar Energy System *(continued)*

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$5,000,000	***

The estimated fiscal effect of this credit is only for leased systems and is limited by the cap placed on the credit by Acts 2015, No. 131. It does not include the annual installment payment required by Acts 2017, No. 413 since those will be paid out of collections of individual income tax.

### 48. Milk Producers

A refundable credit is allowed for resident taxpayers engaged in the business of producing milk for sale. The credit is allowed when the USDA Uniform Price in Federal Order Number 7 drops below the announced production price established by the Department of Agriculture and Forestry at any time during the calendar year. Qualified taxpayers are eligible for tax credits based on the production and sale of milk below the announced production price over a calendar year.

The Department of Health must certify to the Department of Revenue, by January 31 of the following year, which milk producers are eligible to receive the credits. Any producer not certified by the Department of Health will not be entitled to the credits. For returns filed during FYE 6-15, the credits allowed for each milk producer may not exceed \$30,000 per calendar year, and the total amount of tax credits allowed for all producers may not exceed \$2.5 million per calendar year. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credits allowed for each milk producer may not exceed \$21,600 per calendar year, and the total amount of tax credits allowed for all producers may not exceed \$1.8 million per calendar year.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6032

#### Origin

Acts 2007, No. 461, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

January 1, 2007

#### Beneficiaries

Resident taxpayers engaged in the business of producing milk for sale

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$110,000	\$113,000

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# Corporation Income Tax

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## { Credits }

### 49. Conversion of Vehicles to Alternative Fuel

A refundable credit is allowed for the cost of the qualified clean burning motor vehicle fuel property for the taxable period in which the property is purchased and installed provided the motor vehicle is registered in Louisiana. The purpose of this credit is to provide an incentive to persons or corporations to invest in qualified clean-burning motor vehicle fuel property.

For returns filed during FYE 6-15, the credit is for 50 percent of the cost of the qualified property. If the taxpayer purchases a new motor vehicle equipped with qualified clean burning motor vehicle fuel property and is unable to or elects not to determine the exact cost attributable to the property, the taxpayer may claim a credit equal to 10 percent of the cost of the motor vehicle or \$3,000, whichever is less.

For purchases made July 1, 2015 through June 21, 2017, the credit is for 36 percent of the cost of the qualified property. If the taxpayer purchases a new motor vehicle equipped with qualified property and is unable to or elects not to determine the exact cost attributable to the property, the taxpayer may claim a credit equal to 7.2 percent of the cost of the motor vehicle or \$1,500, whichever is less.

For purchases installed in a vehicle conversion or building of fueling stations after June 21, 2017, the credit is 30 percent of the cost. For qualifying new vehicle purchased on or after June 22, 2017, but before June 26, 2017, the credit is for 7.2 percent of the cost of the qualified vehicle or \$1,500, whichever is less. For qualifying new vehicle purchased on or after June 26, 2017, the credit is equal to 10 percent of the cost of the qualified vehicle or \$2,500, whichever is less. For all purchases of qualified clean-burning motor fuel property on or after January 1, 2018, the credit is nonrefundable.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6035

#### Origin

Acts 2009, No. 469, amended by Acts 2015, No. 125; Acts 2017, Nos. 325, 400 and 403

### 49. Conversion of Vehicles to Alternative Fuel *(continued)*

#### Effective Date

January 1, 2009

#### Sunset Date

December 31, 2021

#### Beneficiaries

Owners purchasing qualified clean burning motor vehicle fuel property

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,804,000	\$1,965,000

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# Corporation Income Tax

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## { Credits }

### 50. School Readiness Child Care Provider

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, a voluntary, quality rating system by the Louisiana Department of Education (LDE) for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.

Child care providers participating in Quality Start are allowed a refundable credit based on the average monthly number of children who either participate in the Child Care Assistance Program administered by LDE or who are foster children in the custody of Department of Children, Family and Services and attending facilities operated by a child care provider, multiplied by an amount based upon the quality rating of the facility.

#### Legal Citation

R.S. 47:6105

#### Origin

Acts 2007, No. 394

#### Effective Date

January 1, 2008

#### Beneficiaries

Child care providers participating in Quality Start, a program that is designed to increase the quality of child care and early learning for all children throughout Louisiana

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,255,000	\$2,300,000

### 51. School Readiness Business-Supported Child Care

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, a voluntary, quality rating system by the Department of Education for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.

A refundable credit is allowed for a taxpayer who incurs eligible business-supported child-care expenses. The credit amount depends upon the quality rating of the child care facility to which the expenses are related or the quality rating of the child care facility that the child attends. Eligible business-supported child-care expenses include expenses to construct, renovate, or expand a child care center, purchase equipment for a center, maintain or operate a center, or subsidize child care for their employees.

#### Legal Citation

R.S. 47:6107(A)(1)

#### Origin

Acts 2007, No. 394

#### Effective Date

January 1, 2008

#### Beneficiaries

Businesses that support child care centers participating in Quality Start, the child care centers and students and the state through the increase in the quality of child care and early learning

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$305,000	\$311,000

# Corporation Income Tax

## { Credits }

### 52. School Readiness Fees and Grants to Resource and Referral Agencies

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, a voluntary, quality rating system by the Department of Education for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.

A refundable credit is allowed for a taxpayer whose business pays fees and grants to child care resource and referral agencies. These are private agencies that contract with the Department of Education to provide important information and services to parents and child care providers. The credit is equal to the amount donated but cannot exceed \$5,000 per tax year.

**Legal Citation**

R.S. 47:6107(A)(2)

**Origin**

Acts 2007, No. 394

**Effective Date**

January 1, 2008

**Beneficiaries**

Businesses that support child care centers participating in Quality Start, the child care centers and students and the state through the increase in the quality of child care and early learning

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$265,000	\$271,000

## { Rebates }

### 53. Donations to School Tuition Organization

A rebate is available for taxpayers who donate to certain school tuition organizations (STO). In order to qualify for receive the rebate the taxpayer must file an income tax return with LDR. The rebate is equal to the amount of the donation used by the STO to fund a scholarship, not including any administrative costs paid by the donation. Rebates will be claimed and paid after the conclusion of school year after receiving certification by the STO and the Department of Education.

Act 377 of the 2017 Legislative Session changed the rebate to a non-refundable credit for donations made on or after January 1, 2018.

**Legal Citation**

R.S. 47:6301

**Origin**

Acts 2012, No. 25, amended by Acts 2017, No. 377

**Effective Date**

January 1, 2013 for donations made to a STO which provides scholarships to qualified students to attend a qualified school for the 2013-2014 school year and thereafter.

**Beneficiaries**

Taxpayers that make such donations and low-income students that receive such scholarships

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,769,000	\$3,077,000

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# Corporation Income Tax

---

{ Exemption Required by the  
State Constitution }

## 54. Federal Income Tax Deduction

A deduction is allowed for federal income taxes paid on income taxed by Louisiana. The purpose of this deduction is to reduce the corporate income tax burden.

### Legal Citations

La. Const., art. VII, Part I, § 4(A), R.S. 47:55, R.S. 47:241, R.S. 47:287.85

### Origin

1974 Constitution and Acts 1974, No. 188

### Effective Date

July 12, 1974

### Beneficiaries

All corporate taxpayers that paid federal income tax

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$207,379,000	\$211,527,000

LDR is unable to include the impact of all amended returns on the estimated fiscal effect. Therefore the above amount is the estimated fiscal effect of original returns and amended returns on original returns filed on or after July 1, 2013.



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# **Individual Income Tax Exemptions**

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# Individual Income Tax

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## { Introduction }

Louisiana's individual income tax was first imposed in 1934. The tax is assessed on a resident individual's income derived from all sources and a nonresident individual's income derived from Louisiana sources. Resident individuals are allowed a credit for income tax paid to other states on income that is also taxed by Louisiana.

Like other states that impose a personal income tax, Louisiana closely follows the federal system utilizing the federal definition of income and deductions with certain modifications. Louisiana tax-table income is a modified federal adjusted gross income less federal income taxes paid.

The income tax base is partially diminished by a combined personal exemption/standard deduction of \$4,500 for single filers and married taxpayers filing separately or \$9,000 for married taxpayers filing jointly, head-of-household filers, and qualifying widowers. Additional \$1,000 deductions are given for each dependent and each taxpayer who is blind or 65 years of age or older.

Any resident, nonresident, or part-year resident required to file a tax return must do so by the fifteenth day of the fifth month after the close of their taxable year.

### Legal Citations

R.S. 47:21 through 47:285, R.S. 47:290 through 47:299

### Tax Base

The tax base is comprised of federal adjusted gross income less federal income tax and the portion of federal itemized deductions that were in excess of the federal standard deduction with adjustments for other modifications to federal adjusted gross income.

### Tax Rate

Tax tables are used to determine tax liability using rates as follows:

	Effective for taxable periods beginning after December 31, 2002	Effective for taxable periods beginning after December 31, 2008
<b>Married couple filing joint return or qualifying widow:</b>	2% on the first \$25,000	2% on the first \$25,000
	4% on the next \$25,000	4% on the next \$75,000
	6% on the taxable income above \$50,000	6% on the taxable income above \$100,000
<b>Single, Head of Household, or married filing separately</b>	2% on the first \$12,500	2% on the first \$12,500
	4% on the next \$12,500	4% on the next \$37,500
	6% on the taxable income above \$25,000	6% on the taxable income above \$50,000

### Types of Tax Exemptions

Individual income tax exemptions are in the form of exemptions/exclusions, deductions, and credits. Exemptions/exclusions generally mean a specific item of income that is not included in taxable income. Deductions are generally defined as a reduction in net income to arrive at taxable income. Credits are generally defined as a reduction to the amount of tax due. All exemptions related to individual income tax are contained in this report.

The federal income tax deduction, although a statutory deduction, is also required by the state constitution. Repeal of this deduction requires a vote of the people. For this reason, this deduction has been separated from the other exemptions and appears at the end of this section.

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# Individual Income Tax

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## { Introduction }

### Significant Changes 2017 Regular Legislative Session

Act 67 creates an individual income tax checkoff to allow an individual to donate all or a portion of their state income tax refund to the Louisiana Horse Rescue Association. The Act requires LDR to administer the donated monies and disburse the monies quarterly to the Louisiana Horse Rescue Association. *Effective for tax years beginning on or after January 1, 2018.*

Act 270 expands the credit against individual income tax liability for the inclusion of accessible and barrier-free design elements in a dwelling as follow:

- Changes the credit from the lesser of \$720 or 72% total tax liability to the lesser of \$5,000 or cost of construction or renovation.
- The credit must be taken in the taxable year that the construction or renovation of the dwelling is completed.
- Limits the claim for the credit for inclusion of accessible and barrier-free design elements in either the construction of a new one- or two-family dwelling or the renovation of an existing dwelling, provided that the taxpayer owns the dwelling, claims the homestead exemption, and the taxpayer, the taxpayer's spouse, or an individual residing with and qualifying as a dependent of the taxpayer for purposes of determining the taxpayer's federal income tax liability has a physical disability that requires, or will require, such design elements in the dwelling.
- Allows the taxpayer to claim the credit if any individual whose principal place of abode for the taxable year is the taxpayer's home or there is a lease between the taxpayer and an individual occupying and residing in the taxpayer's dwelling and the individual has a physical disability that requires, or will require accessible and barrier-free design elements in the dwelling.
- The amount of credit exceeding the amount of the taxpayer's liability for the tax year may be carried forward as a credit for five years. The total amount of credit granted by LDR in any calendar year cannot exceed \$500,000. Claims for credits are on a first-come, first-served basis.
- Allows taxpayer whose claims are disallowed due to the cap to claim the credit in the next calendar year and have priority over other claims. *Effective January 1, 2018.*

Act 325 changes for all purchases of qualified clean-burning motor fuel property on or after January 1, 2018, the tax credit from refundable to nonrefundable. The act also reduces credit from 36% to 30% of the cost of qualified clean-burning motor vehicle fuel property. For the purchase of new vehicles originally equipped to be propelled by an alternative fuel, it eliminates the option of determining the exact cost that is attributable to the alternative fuel property and provides a credit equal to the lesser of 7.2% of the cost of the new vehicle or \$1,500. The Act requires commercial vehicles to be registered and primarily used in Louisiana for four years after the conversion to be eligible for the credit and clarifies that costs associated with fueling station infrastructure that is not directly related to the delivery of an alternative fuel into the fuel tank of motor vehicles are not eligible for the credit. *Effective June 22, 2017.*

Act 338 authorizes eligibility for the inventory tax credit for certain property held by persons engaged in the short term rental of such items. "Short term rental" is defined as the rental of tangible personal property for less than 365 days, for an undefined period, or under an open-ended agreement. *Effective June 22, 2017, for tax periods beginning on or after January 1, 2016.*

Act 342 changes the criteria relative to the small town doctor tax credit and requires the Department of Health to certify eligibility of applicants as required by regulation and expands eligibility to include nurse practitioners. The act also requires a certified medical primary care health professional who is a physician, nurse practitioner, or dentist to be in a primary care geographic health professional shortage area (HPSA), as defined by the federal government, and in a rural area as defined by the Louisiana Department of Health; caps the amount of credit certified by the Department of Health and granted by the Department of Revenue at \$1.5 million per calendar year and sunsets the credit for applications received on or after January 1, 2021. *Effective January 1, 2018.*

Act 375 sunsets the individual income tax credit of \$18 per dependent for educational expenses incurred on or after January 1, 2017. *Effective June 23, 2017.*

Act 377 converts the rebate authorized in prior law for donations to student tuition organizations to a nonrefundable tax credit for donations made on or after January 1, 2018, with a three year credit carryforward period. The credit is earned when

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# Individual Income Tax

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## { Introduction }

the donation is made and prohibits the use of any other state tax credit, deduction, exemption or tax benefit claimed pursuant to the donation. The act also requires funds to be designated for a specific student and requires the STO to make an accounting of all funds received on July 1 of each year. *Effective June 23, 2017.*

Act 385 repeals previous requirement that taxpayers affiliated or related to another entity through common ownership by the same interests or as parent and subsidiary be treated as a single taxpayer for purposes of determining the eligible amount of inventory tax credit. However, the act maintains the requirement for taxpayers included in a consolidated federal return. *Effective June 23, 2017 and applicable to claims for a credit authorized by R.S. 47:6006 on a return filed on or after July 1, 2017.*

Act 400 makes permanent the reduction to income and corporate franchise tax credits enacted by Act 125 of 2015, rounds the credit values from percentages to whole numbers and removes the 2015 reduction to the insurance premium tax credit. *Effective June 26, 2017 and applicable to taxable periods beginning on or after January 1, 2017, unless otherwise provided by the statute granting the credit.*

Act 403 repeals the reduction to the insurance company premium tax (R.S. 47:227) imposed by Act 125 of the 2015 Regular Session of the La. Legislature and amends and terminates the following tax credits as follows:

1. Terminates the following tax credits as of January 1, 2020:

- R.S. 47:34 & 47:287.749 - New jobs credit
- R.S. 47:37 & 47:287.755 - Contributions of tangible personal property of a sophisticated nature & technological nature to educational institutions
- R.S. 47:287.748 - Corporation tax credit; re-entrant jobs credit
- R.S. 47:287.752 & 47:297(O) - Credit for employment of first-time nonviolent offenders
- R.S. 47:297(A) - Credit for certain disabilities
- R.S. 47:297(B) - Credit for certain federal tax credits
- R.S. 47:297(C) - Gasoline & special fuels taxes for commercial fisherman
- R.S. 47:297(D) - Donations to public elementary or secondary schools
- R.S. 47:297(F) - Family responsibility
- R.S. 47:297(G) - Environmental equipment
- R.S. 47:297(H) - Small town health professional
- R.S. 47:297(I) - Bone marrow donor expenses
- R.S. 47:297(J) - Educational expenses incurred for degree related to law enforcement
- R.S. 47:297(K) - Employment of certain first-time drug offenders
- R.S. 47:297(L) - Purchase of bullet-proof vest
- R.S. 47:297(M) - Long-term care insurance premiums credit
- R.S. 47:297(N) - Living organ donation credit
- R.S. 47:297(P) - Accessible and barrier-free constructed home credit
- R.S. 47:297.2 - Employment-related expense for maintaining household for certain disabled dependents
- R.S. 47:297.9 - Amounts paid by certain military service members and dependents for certain hunting and fishing licenses

2. Terminates and amends the following tax credits as follows:

- R.S. 25:1226.4 - Atchafalaya Trace Heritage Area Development Zone - terminates the credit for contracts entered on or after January 1, 2020
- R.S. 47:6019 - Historic rehabilitation credit - terminates the credit for expenses incurred on or after January 1, 2022

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# Individual Income Tax

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## { Introduction }

- R.S. 47:6035 - Alternative fuel tax credit - eliminates the option of determining the exact cost of the alternative fuel property, changes the credit for the purchase of new motor vehicles originally equipped to be propelled by an alternative fuel to ten percent of the purchase price or \$2500, whichever is less and terminates the credit for purchases of alternative fuel property made on or after January 1, 2022. *Effective June 26, 2017.*

Act 413 provides for payment of solar tax credit claims in annual installments for eligible taxpayers who were denied or would have been denied as a result of the credit cap provisions imposed by Act 131 of the 2015 Regular Session. The annual installments shall be allowed in equal parts over three fiscal years beginning in FY 2017-2018 and ending in FY 2019-2020, with the maximum amount of credits paid in each fiscal year capped at \$5 million, exclusive of interest. In the event the amount of credits to be paid in a fiscal year exceeds the \$5 million cap, the credits shall be paid on a pro rata basis. If any taxpayer has not been allowed the full amount of credit after FY 2019-2020, any remaining balance shall be allowed in FY 2020-2021. *Effective June 26, 2017.*

Act 418 removes the limitation of prior law on awards of the tax credit for ad valorem tax paid on offshore vessels when the ad valorem tax is paid under protest; requires a taxpayer who pays the ad valorem tax under protest to notify LDR within five business days of the date that the lawsuit is filed; provides recapture authority to LDR for credits where the taxpayer prevails in the lawsuit against the political subdivision. The changes are applicable to corporation income tax periods beginning on and after January 1, 2017 and corporation franchise tax periods beginning on or after January 1, 2018. *Effective July 1, 2017.*

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# Individual Income Tax

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## { Exemptions/Exclusions }

### 1. Interest on State or Local Government Obligations

Interest received on obligations issued by the state or its political or municipal subdivisions is exempt from tax table income. The purpose of this exclusion is to encourage investment in Louisiana obligations.

#### Legal Citation

R.S. 47:48, R.S. 47:293(9)(b)

#### Origin

Acts 1934, No. 21

#### Effective Date

July 12, 1934

#### Beneficiaries

State and local governments and the individuals and entities that invest in their obligations

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

### 2. Resident Estates and Trusts

Resident estates and trusts are allowed to exempt up to \$2,500 of their federal taxable income when calculating their Louisiana taxable income. The \$2,500 exemption includes any exemption allowed under IRC section 642(a).

#### Legal Citation

R.S. 47:300.6(B)(2)(c)

#### Origin

Acts 2000, No. 40

#### Effective Date

Taxable periods beginning after December 31, 2000

#### Beneficiaries

Resident estates and trusts subject to Louisiana income tax

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.



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# Individual Income Tax

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## { Exemptions/Exclusions }

### 3. Annual Retirement Income

Persons 65 years or older may exclude up to \$6,000 of annual retirement income from their taxable income. The purpose of this exclusion is to reduce the tax burden for persons 65 years or older.

**Legal Citation**

R.S. 47:44.1(A)

**Origin**

Acts 1981, No. 880

**Effective Date**

Taxable periods beginning after December 31, 1980

**Beneficiaries**

Retirees, 65 years or older, with taxable retirement income

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$25,073,000	\$25,575,000

### 4. Disability Income

Individuals receiving annual disability income for a permanent total disability as provided for in R.S. 23:1221(2) may exclude up to \$6,000 of disability income. An individual claiming an exemption under R.S. 47:79(A)(2), for blindness, loss of one or more limbs, mental incapacitation, or for deafness is not eligible for this exemption.

**Legal Citation**

R.S. 47:44.1(B)

**Origin**

Act 2000, No. 34

**Effective Date**

January 1, 2001

**Beneficiaries**

Individual receiving certain disability income

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$5,541,000	\$5,651,000

*Note:* this amount includes the total revenue loss for S Bank income exclusion, deduction for adaptive home improvements for disabled individuals, and deduction for military family assistance fund. (See numbers 9, 11, and 23, individual income tax section).

# Individual Income Tax

## { Exemptions/Exclusions }

### 5. State Employees, Teachers, and Other Retirement Benefits

Individuals receiving benefits from certain retirement systems are allowed to exclude those benefits from their Louisiana tax-table income. Acts 68 and 69 of 1991, amended and reenacted R.S. 33:7203 and R.S. 40:427.2(E), relative to Municipal and State Police Employees Retirement Systems, to provide that deferred retirement option plan funds are exempt from state income tax. The purpose of this exclusion is to shelter certain retirement benefits from the income tax.

#### Legal Citations

- R.S. 11:405 State Employees' Retirement System
- R.S. 11:570 Funded Judicial Retirement Plan
- R.S. 11:1378 Non-contributory Judicial Retirement Plan Beginning after Dec. 30, 1980
- R.S. 11:704 Teachers' Retirement System
- R.S. 11:704 Teachers' Retirement System of Orleans Parish
- R.S. 11:1003 Louisiana School Employees' Retirement System
- R.S. 11:1331 Louisiana State Police Retirement System
- R.S. 11:1403 Assessors Retirement Fund
- R.S. 11:1526 Clerks' of Court Retirement and Relief Fund
- R.S. 11:1583 District Attorneys' Retirement System
- R.S. 11:1735 Municipal Employees' Retirement System
- R.S. 11:1735 City of Baton Rouge Retirement System
- R.S. 11:1735 Employees' Retirement System of East Baton Rouge Parish
- R.S. 11:1735 Employees' Retirement System of Shreveport
- R.S. 11:1905 Parochial Employees' Retirement System
- R.S. 11:3014 City of Alexandria Employees' Retirement System
- R.S. 11:2033 Registrars of Voters Employees' Retirement System
- R.S. 11:2182 Sheriffs' Pension and Relief Fund
- R.S. 11:2228 Municipal Police Employees' Retirement System
- R.S. 11:2263 Firefighters Retirement System (See note at end of this list.)
- R.S. 11:3389 Firefighters' Pension and Relief Fund of New Orleans
- R.S. 11:3566 Policemen's Pension and Relief Fund for Alexandria

### 5. State Employees, Teachers, and Other Retirement Benefits (continued)

- R.S. 11:3568 Policemen's Pension and Relief Fund for City of Bossier City
- R.S. 11:3608 Policemen's Pension and Relief Fund for City of Lafayette
- R.S. 11:3658 Policemen's Pension and Relief Fund for the Police Department of the City of New Orleans
- R.S. 11:2228 Policemen's Pension and Relief Fund for Lafayette
- R.S. 11:3691 Harbor Police Retirement System (Port of New Orleans)
- R.S. 11:2228 Policemen's Pension and Relief Fund of the City of Shreveport
- R.S. 11:3823 Employees' Retirement System of the City of New Orleans
- R.S. 11:952.3 LSU Retirement System

*Note:* The Firefighters' Retirement System was established effective January 1, 1980, by R.S. 11:2251 et seq. As of October 1999, all of the local firefighters' retirement systems have merged with this system except the systems for the cities of Baton Rouge and New Orleans.

Firemen's Pension and Relief Fund of:

- R.S. 11:3118 Alexandria
- R.S. 11:3205 Bossier City
- R.S. 11:3300 Lafayette
- R.S. 11:3389 New Orleans

#### Origin

Various legislation since 1946

#### Effective Date

1946 and subsequent years

#### Beneficiaries

Retirees of various Louisiana public retirement systems

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$99,764,000	\$101,759,000

# Individual Income Tax

## { Exemptions/Exclusions }

### 6. Federal Retirement Benefits

Federal retirement benefits received by federal retirees, both military and nonmilitary, may be excluded from Louisiana taxable income. The purpose of this exclusion is to shelter federal retirement benefits from the income tax.

#### Legal Citations

R.S. 47:44.2 Federal Retirement System Benefits  
 R.S. 47:44.2 Railroad Retirement System Benefits  
 R.S. 47:52 Disability Pay to World War II Veterans  
 U.S.C.A. 45:231(m) Railroad Retirement Supplemental

#### Origin

Acts 1989, No. 812

#### Effective Date

1988

#### Beneficiaries

Individuals receiving federal retirement income, both military and nonmilitary

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$32,412,000	\$33,060,000

### 7. Social Security Benefits

Social Security benefits received by individuals that are taxable for federal purposes may be excluded from Louisiana taxable income. The purpose of this exclusion is to shelter Social Security benefits from the income tax.

#### Legal Citation

R.S. 47:44.2

#### Origin

Acts 1984, No. 298

#### Effective Date

1984

#### Beneficiaries

Individuals receiving Social Security income

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$99,936,000	\$101,935,000

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# Individual Income Tax

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## { Exemptions/Exclusions }

### 8. Military Pay

Compensation of the first \$30,000 paid to a member of the United States armed forces for services performed outside the state is exempt from income tax. The exemption is for tax periods beginning after December 31, 2002. Such member must be on active duty and the duty must be continuous and uninterrupted for 120 days or more.

#### Legal Citation

R.S. 47:293(9)(e)

#### Origin

Act 2000, No. 34, amended by Acts 2006, 1st Ex. Sess. No. 25; Acts 2007, No. 160

#### Effective Date

January 1, 2001

#### Beneficiaries

Military personnel deriving income outside Louisiana

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$5,805,000	\$5,922,000

### 9. S Bank Income

An S Bank shareholder may exclude an amount equal to the S Bank shareholder's nontaxable income from Louisiana tax table income. S Bank nontaxable income is defined as the portion of the income reported by an S Bank on Form 1120S Schedule K-1, or equivalent document, which is attributable to the net earnings used to compute the S Bank's shares tax as provided in R.S. 47:1967.

#### Legal Citations

R.S. 47:297.3, R.S. 47:300.6 (B)(2)(d), R.S. 47:300.7 (C)(2)(c)

#### Origin

Acts 2002, No. 30

#### Effective Date

Tax periods beginning on or after January 1, 2003

#### Beneficiaries

Individuals, trusts, and estates that are S Bank Shareholders

#### Estimated Fiscal Effect

See number 4, individual income tax section.

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# Individual Income Tax

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## { Exemptions/Exclusions }

### 10. Compensation for Disaster Services

An out-of-state employee that performs disaster or emergency-related work within the state during a declared or emergency period shall exclude all income received for disaster or emergency-related work conducted in the state during the disaster period.

#### Legal Citations

R.S. 47:53.5, R.S. 47:111, R.S. 47:297(10)

#### Origin

Acts 2017, No. 358

#### Effective Date

Taxable periods beginning on or after January 1, 2018

#### Beneficiaries

Nonresident individuals that perform disaster or emergency-related work within the state during a disaster period

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect of this exclusion; the exclusion is for tax year 2018 which will first be filed in FYE 6-19.

## { Deductions }

### 11. Adaptive Home Improvements for Disabled Individuals

Individuals with a disability, as described by R.S. 51:2232(3), that is permanent in nature are allowed to deduct from gross income up to \$5,000 of expenses incurred to make necessary adaptations to their home. The disabled individual's gross family income must be \$50,000 or less to qualify for this deduction. The purpose of this deduction is to provide financial relief to individuals for expenses incurred modifying their homes to accommodate disabilities.

#### Legal Citation

R.S. 47:59.1

#### Origin

Acts 1994, No. 11

#### Effective Date

June 7, 1994

#### Beneficiaries

Individuals with disabilities who incur qualified home adaptation expenses

#### Estimated Fiscal Effect

See number 4, individual income tax section.

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# Individual Income Tax

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## { Deductions }

### 12. Dependent Exemption/Deduction

A \$1,000 deduction from the lowest tax bracket is allowed for each dependent. The purpose of this deduction is to reduce the tax burden for taxpayers with dependents.

#### Legal Citations

R.S. 47:79(B), R.S. 47:294(B)

#### Origin

Acts 1934, No. 21, amended by Acts 1980, No. 316

#### Effective Date

January 1, 1935

#### Beneficiaries

All individual taxpayers who file a tax return and claim one or more dependents

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$31,278,000	\$32,542,000

### 13. Construction Code Retrofitting

A deduction is allowed for voluntarily retrofitting an existing residential structure for which the taxpayer claims the homestead exemption. "Voluntarily retrofitting an existing residential structure" means that the retrofitting is not a construction, reconstruction, alteration, or repair of the structure required by the State Uniform Construction Code because the structure is a new residential structure or because of damage or destruction of an existing residential structure. The deduction is equal to 50 percent of the cost paid or incurred on or after January 1, 2007, less any other state, municipal or federal-sponsored incentives. The total amount of deduction granted may not exceed \$5,000 per retrofitted residential structure, and will be claimed on the return for the taxable year in which the work is completed.

#### Legal Citation

R.S. 47:293(2)(a)(i)

#### Origin

Acts 2007, No. 467

#### Effective Date

July 11, 2007 for tax years beginning on and after January 1, 2008

#### Beneficiaries

Individual taxpayers who are homeowners

#### Estimated Fiscal Effect

A negligible amount for this deduction was reported by taxpayers on the individual income tax return data available at the time of publication.

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# Individual Income Tax

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## { Deductions }

### 14. Excess Federal Itemized Deductions

For taxable periods beginning on or after January 1, 2009, taxpayers are allowed to deduct 100 percent of the federal itemized deductions that were in excess of the federal standard deduction. The purpose of this deduction is to shelter a portion of a taxpayer's income from state income tax.

#### Legal Citation

R.S. 47:293(3)

#### Origin

Acts 1980, No. 316, amended by Acts 2000, No. 38; Acts 2002, No. 24; Acts 2002, No. 51; Acts 2007, No. 399

#### Effective Date

Reestablished August 15, 2007 for taxable periods beginning on or after January 1, 2007

#### Beneficiaries

Individual taxpayers who itemize their federal deductions

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$390,266,000	\$398,071,000

The estimated fiscal effect for FYE 6-19 does not include the impact of the changes on the federal tax return for taxable periods beginning after December 31, 2017.

### 15. Hurricane Recovery Entity Benefits

Individuals who received funds from a hurricane recovery entity and were required to include those funds on the federal income tax return are allowed a deduction for such funds. The deduction is for hurricane recovery benefits provided by the Road Home Corporation, the Louisiana Recovery Authority, the Louisiana Family Recovery Corps and the Disaster Recovery Unit, and is retroactive.

#### Legal Citation

R.S. 47:293(5)

#### Origin

Acts 2007, No. 247, amended by Acts 2011, No. 401

#### Effective Date

July 6, 2007, but the deduction is retroactive

#### Beneficiaries

Taxpayers who have received hurricane recovery benefits that were included on their federal income tax return

#### Estimated Fiscal Effect

\$0; no future activity is anticipated.

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# Individual Income Tax

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## { Deductions }

### 16. Recreation Volunteer

A \$500 deduction is allowed for recreation department volunteers who volunteer a minimum of 30 hours in a calendar year and receive a written certification from the recreation department that they have completed the required number of service hours.

**Legal Citation**

R.S. 47:293(7)(a)

**Origin**

Acts 2007, No. 458

**Effective Date**

January 1, 2007

**Beneficiaries**

Communities where individuals volunteer with their recreation departments

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$20,000	\$20,000

### 17. Volunteer Firefighter

A \$500 deduction for volunteer firefighters who complete 24 hours of continuing education during the calendar year and are either an active member of the Louisiana State Fireman's Association or are on the personnel roster for the State Fire Marshal's Volunteer Fireman's Insurance Program.

**Legal Citation**

R.S. 47:293(7)(a)

**Origin**

Acts 2007, No. 458

**Effective Date**

January 1, 2007

**Beneficiaries**

Communities with volunteer firefighters

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$55,000	\$56,000



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# Individual Income Tax

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## { Deductions }

### 18. START Savings Program Contribution

Relative to the Student Tuition Assistance and Revenue Trust Program, the amount an owner deposits into an education savings account shall be deducted from taxable income up to a maximum of \$2,400 per account owned per taxable year for account owners filing single returns and up to a maximum of \$4,800 per beneficiary per taxable year for account owners filing joint returns. An individual may designate on his income tax return that any part of his income tax refund be deposited into the fund. Any funds withdrawn from the account to pay expenses other than qualified higher education expense as defined in R.S. 17:3092(10) are included in taxable income. The law was amended in 2001 to allow for the difference between the total deposited, if less than the maximum and \$2,400 to be carried forward to subsequent years.

#### Legal Citations

R.S. 17:3095(A)(1), 17:3098, 47:120.62, 47:293

#### Origin

Acts 2000, No. 45, amended by Acts 2001, No. 332; Acts 2005, No. 292

#### Effective Date

July 1, 2000, for taxable periods after January 1, 2001

#### Beneficiaries

All individuals who deposit funds into a qualified education savings account

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,357,000	\$2,404,000

### 19. I.R.C. Section 280C Expense

A deduction is allowed for any expenses that are disallowed under I.R.C. Section 280C. For federal purposes, taxpayers cannot claim certain tax credits and deduct certain expenses associated with those credits. I.R.C. Section 280C requires a taxpayer who elects to claim certain credits that are based on an expense to reduce the federal deduction for the expense by the dollar amount of the credit claimed. This deduction allows the taxpayer to reduce their federal adjusted gross income by the amount of the deduction that was disallowed for federal income tax purposes.

#### Legal Citation

R.S. 47:293(9)(a)(ix)

#### Origin

Acts 2006, 1st Ex. Sess., No. 25

#### Effective Date

Taxable periods beginning after December 31, 2003

#### Beneficiaries

Individuals who are business owners who claim certain credits on their federal returns

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$711,000	\$725,000

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# Individual Income Tax

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## { Deductions }

### 20. Teachers

A \$1,000 deduction is allowed for individuals who were previously employed as a public school classroom teacher in Jefferson, Orleans, Plaquemines, St. Bernard, and St. Tammany parishes and who signed a contract to be employed as a public school classroom teacher for at least three years.

**Legal Citation**

R.S. 47:293(11)

**Origin**

Acts 2007, No. 351

**Effective Date**

Taxable periods beginning in 2007 and 2008

**Sunset Date**

December 31, 2008

**Beneficiaries**

Teachers previously employed as a public school classroom teacher in Jefferson, Orleans, Plaquemines, St. Bernard, and St. Tammany parishes

**Estimated Fiscal Effect**

This deduction sunsetted December 31, 2008.

### 21. Net Capital Gains

Taxpayers are allowed a deduction for net capital gains, limited to gains recognized and treated for federal income tax purposes as arising from the sale or exchange of an equity interest in or substantially all of the assets of a nonpublicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in this state.

Act 11 of the 2016 Second Extraordinary Session changed the calculation of the deduction for sales or exchanges occurring on or after June 28, 2016.

**Legal Citation**

R.S. 47:293(9)(a)(xvii)

**Origin**

Acts 2009, No. 457, amended Acts 2016, 2nd Ex. Sess., No. 11

**Effective Date**

August 15, 2009 for all taxable periods beginning on or after January 1, 2010

**Beneficiaries**

Investors in nonpublicly traded companies domiciled in Louisiana

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$71,504,000	\$72,934,000

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# Individual Income Tax

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## { Deductions }

### 22. Personal Exemption—Standard Deduction

Taxpayers are allowed a deduction from tax table income. The combined personal exemption/standard deduction is \$4,500 for taxpayers filing single or separate returns and \$9,000 for taxpayers filing joint returns or as head of household and is deducted from the lowest tax bracket. The purpose of this deduction is to shelter a portion of a taxpayer's income from state income tax.

#### Legal Citation

R.S. 47:294(A)

#### Origin

Acts 1934, No. 21

#### Effective Date

1934

#### Beneficiaries

All individual taxpayers who file a tax return

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$252,723,000	\$257,777,000

The fiscal effect assumes no restrictions on eliminating this deduction. Assuming that to reduce this deduction below the levels in effect January 1, 1974, would require a constitutional amendment, 58 percent of the fiscal effect should be considered constitutionally protected.

### 23. Military Family Assistance Fund

Activated military personnel or family members of activated military personnel who receive payments or awards from the Louisiana Military Family Assistance Fund are allowed a deduction of the payments received.

#### Legal Citation

R.S. 47:297.5

#### Origin

Acts 2005, No. 151

#### Effective Date

June 28, 2005

#### Beneficiaries

Activated military personnel or family members of activated military personnel who have received benefits from the Military Family Assistance Fund

#### Estimated Fiscal Effect

See number 4, individual income tax section.

# Individual Income Tax

## { Deductions }

### 24. Elementary & Secondary School Tuition

Residents with dependents attending a nonpublic elementary or secondary school which complies with the criteria set forth in *Brumfield, et al. v. Dodd, et al.* 425 F. Supp. 528 and Section 501(c)(3) of the Internal Revenue Code or any public elementary or secondary laboratory school operated by a public college or university are allowed a deduction for tuition and fees required by the school. Prior to the 2011 tax year the deduction was equal to 50 percent of the tuition and fees per dependent, limited to \$5,000. Starting with the 2011 tax year, the deduction is equal to the actual amount paid, limited to \$5,000. Amounts paid on or after January 1, 2009 for tuition, fees, uniforms, textbooks and other supplies required by the school can be deducted for a child who was claimed as a dependent on the current or prior year's tax return.

**Legal Citation**

R.S. 47:297.10

**Origin**

Acts 2008, 2nd Ex. Sess., No. 8, amended by Acts 2009, Nos. 460 and 451

**Effective date**

March 24, 2008

**Beneficiaries**

Taxpayers with dependents attending a nonpublic elementary or secondary school

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$21,182,000	\$21,606,000

### 25. Educational Expenses for Home-Schooled Children

Residents with dependents who are home-schooled are allowed a deduction for educational expenses. The deduction is equal to 50 percent of the qualified educational expenses for each dependent, limited to \$5,000. Qualified educational expenses include amounts paid on or after January 1, 2009 for the purchase of textbooks and curricula necessary for home-schooling of each child claimed as a dependent on the current or prior year's tax return.

**Legal Citation**

R.S. 47:297.11

**Origin**

Acts 2008, 2nd Ex. Sess., No. 8, amended by Acts 2009, Nos. 460 and 451

**Effective date**

March 24, 2008

**Beneficiaries**

Taxpayers who are home-schooling their dependents

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$278,000	\$284,000

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# Individual Income Tax

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## { Deductions }

### **26. Fees and Other Educational Expenses for a Quality Public Education**

Residents with dependents attending a public elementary or secondary school are allowed a deduction for fees or other amounts paid during the year. The deduction is equal to 50 percent of the amounts paid per dependent, limited to \$5,000. The amounts that can be deducted include amounts paid on or after January 1, 2009 for uniforms, textbooks and other supplies required by the school for each child claimed as a dependent on the current or prior year's tax return.

#### **Legal Citation**

R.S. 47:297.12

#### **Origin**

Acts 2008, 2nd Ex. Sess., No. 8, amended by Acts 2009, Nos. 460 and 451

#### **Effective date**

March 24, 2008

#### **Beneficiaries**

Taxpayers with dependants attending a public elementary or secondary school

<b>Estimated Fiscal Effect</b>	
<b>FYE 6-18</b>	<b>FYE 6-19</b>
\$2,864,000	\$2,921,000

### **27. Employment of Qualified Disabled Individuals**

A deduction is allowed from income taxes imposed for each taxpayer who provides continuous employment to a qualified disabled individual within Louisiana. A taxpayer shall be eligible to claim the deduction provided for in this Section after employing a qualified individual with a disability for four continuous months for no less than an average of twenty hours a week at a rate comparable to and in the same setting as other employees of the taxpayer performing the same or similar task.

#### **Legal Citation**

R.S. 47:297.13

#### **Origin**

Acts 2015, No. 117

#### **Effective date**

June 19, 2015

#### **Beneficiaries**

Taxpayers that employ qualified disabled individuals within Louisiana

#### **Estimated Fiscal Effect**

The Department is unable to estimate the fiscal effect; there were no deductions claimed in the Fiscal Year 2016-17.

# Individual Income Tax

## { Credits }

### 28. Net Income Taxes Paid to Other States

For returns filed during FYE 6-15, a non-refundable credit is allowed for net income taxes paid to other states. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is allowed only if the other state provides a similar credit for Louisiana income taxes paid on income derived from property located in, or from services rendered in, or from business transacted in Louisiana. The credit is limited to the amount of Louisiana income tax that would have been imposed if the income earned in the other state had been earned in Louisiana and is not allowed for income taxes paid to a state that allows nonresident a credit against the income taxes imposed by that state for taxes paid or payable to the state of residence. The provisions for returns filed on or after July 1, 2015 ends starting with the 2018 tax year. The purpose of this credit is to allow taxpayers to deduct the income tax paid to other states on income also taxed by Louisiana, so as not to subject the taxpayer to double taxation.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:33

#### Origin

Acts 1946, No. 203, amended by Acts 2015, No. 109

#### Effective date

1946

#### Beneficiaries

Louisiana resident individuals who derive taxable income from other states

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$57,505,000	\$66,140,000

### 29. Contribution of Tangible Personal Property of a Sophisticated & Technological Nature to Educational Institutions

A non-refundable credit is allowed for contributions of tangible personal property of a sophisticated and technological nature to educational institutions. For returns filed during FYE 6-15, the credit allowed is 40 percent of the property's value, or, in the case of sales below cost, 40 percent of the difference between the price received and the property's value, subject to the limitations prescribed in the statute. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit allowed is for 29 percent, subject to the limitations prescribed in the statute. The purpose of this credit is to allow a tax credit to corporations, persons, estates, and trusts that donate, sell below cost, or contribute properties of a sophisticated and technological nature to educational institutions in the state of Louisiana.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citations

R.S. 47:37, R.S. 47:287.755

#### Origin

Acts 1983, No. 667, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### Effective Date

January 1, 1984

#### Sunset Date

December 31, 2019

#### Beneficiaries

Educational institutions, students, teachers, the state as a whole, and donors who make a contribution of equipment

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$749,000	\$764,000

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# Individual Income Tax

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## { Credits }

### 30. Certain Disabilities

For returns filed during FYE 6-15, a non-refundable credit of \$100 is allowed for taxpayers, spouses, or dependents who are blind, deaf, mentally incapacitated, or have lost the use of a limb. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is \$72. The purpose of this credit is to reduce the tax burden for persons with certain disabilities.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297(A)

#### Origin

Acts 1980, No. 316, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

Taxable periods beginning after December 31, 1979

#### Beneficiaries

Individual taxpayers with certain disabilities

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,002,000	\$2,042,000

### 31. Special Allowable Credits

A non-refundable credit is allowed for a percentage of certain federal income tax credits. Beginning in 1975, the use of federal tax as an entry into state tax tables gave taxpayers benefit of the following credits:

- credit for contributions to candidates for public office
- credit for the elderly
- investment credit
- foreign tax credit
- work incentive credit
- jobs credit
- residential energy credit

In 1980, the method was changed to use federal adjusted gross income to calculate the amount of tax due. Because the change eliminated federal tax credits, this provision was enacted. Beginning in 1986, the credit is equal to 10 percent, limited to \$25. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is 7.2 percent, limited to \$18.

For taxable periods beginning on or after January 1, 2017, the credit is equal to 7 percent, limited to \$18. The purpose of this credit is to allow some of the federal credits to also be applied against the state tax liability.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297(B)

#### Origin

Acts 1980, No. 316; Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### Effective Date

Taxable periods beginning after December 31, 1979

#### Sunset Date

December 31, 2019

#### Beneficiaries

Individual taxpayers who are entitled to certain federal credits

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$760,000	\$776,000

# Individual Income Tax

## { Credits }

### 32. Education

A non-refundable credit is allowed for each qualified dependent child who was in school in kindergarten through 12th grade at least part of the year. This credit enacted in 1980, was suspended beginning with the tax year 1986 through tax year 1995. The credit was again suspended beginning with the tax year 2000 through tax year 2005.

Until the end of FYE 6-15, the credit is equal to \$25 per qualified dependent child. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is equal to \$18. Starting with tax year 2015, the credit is limited to Louisiana residents for dependents attending school in Louisiana who does not claim the elementary and secondary school tuition deduction. The credit is sunsetted and is no longer available starting with tax year 2017.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297(D)

#### Origin

Acts 1980, No. 316, amended by Acts 2000, No. 38; Acts 2002, No. 25; Acts 2015, Nos. 125 and 140; Acts 2017, Nos. 375 and 400

#### Effective Date

Taxable periods beginning after December 31, 2005

#### Sunset Date

Taxable periods beginning after December 31, 2016

#### Beneficiaries

Individual taxpayers with school age dependent children

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$600,000	\$500,000

### 33. Certain Child Care Expenses

Taxpayers are allowed a credit for a percentage of the federal child and dependent care credit taken on a resident's federal income tax return. If a federal credit was not taken because of the alternative minimum tax, then no state credit is allowed because the Louisiana credit is based on the credits taken on the federal return.

The state child care tax credit is allowed as follows:

<i>Federal Adjusted Gross Income</i>	<i>Percent of Federal Credit</i>
\$25,000 or less	50%
\$25,001 to \$35,000	30%
\$35,001 to \$60,000	10%
Over \$60,000	Lesser of \$25 or 10%

For tax years beginning on or after January 1, 2006 taxpayers whose federal adjusted gross income is \$25,000 or less will be allowed a refundable credit without regard to whether a federal credit is claimed.

#### Legal Citation

R.S. 47:297.4

#### Origin

Acts 2002, No. 25, amended by Acts 2005, No. 495

#### Effective Date

Taxable periods beginning on or after January 1, 2003

#### Beneficiaries

Individual taxpayers who are claiming a child and dependent care credit on their federal income tax return

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$16,956,000	\$17,295,000



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# Individual Income Tax

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## { Credits }

### **34. Gasoline & Special Fuels Taxes for Commercial Fisherman**

A non-refundable credit is allowed for gasoline and special fuels taxes paid for operating or propelling any commercial fishing boat, if a refund of the taxes has not been received pursuant to R.S. 47:802.2 and R.S. 47:1681. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is equal to 72 percent of the gasoline and special fuels taxes. The purpose of this credit is to allow taxpayers additional time to obtain a refund of the taxes since under R.S. 47:802.2 and R.S. 47:1681 the refund application period is only six months.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citation**

R.S. 47:297(C)

#### **Origin**

Act 1993, No. 164, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### **Effective Date**

For taxable years beginning after December 31, 1992

#### **Sunset Date**

December 31, 2019

#### **Beneficiaries**

Licensed commercial fishermen

#### **Estimated Fiscal Effect**

A negligible amount for this credit was reported by taxpayers on the individual income tax return data available at the time of publication.

### **35. Family Responsibility**

A non-refundable credit is allowed for 33.33 percent of the amount a taxpayer contributed in a program of voluntary family responsibility developed and implemented by the Department of Health. The credit is limited to \$200 per year. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is for 24 percent, limited to \$144 per year. The purpose of this credit is to encourage individuals to donate money to the Family Responsibility Program.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citations**

R.S. 47:297(F) and R.S. 46:449

#### **Origin**

Acts 1983, No. 672, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### **Effective Date**

Taxable periods beginning after December 31, 1982

#### **Sunset Date**

December 31, 2019

#### **Beneficiaries**

Persons receiving intermediate or skilled nursing care in the state with insufficient income and resources to meet the costs of the care

#### **Estimated Fiscal Effect**

\$0; no activity is anticipated.

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# Individual Income Tax

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## { Credits }

### 36. Small-Town Doctors/Dentist

For returns filed during FYE 6-15, a non-refundable credit is allowed for qualified doctors affiliated with a small-town hospital and dentists who relocate their primary office to certain locations, for the lesser of the tax due or \$5,000 per taxable year up to a maximum of five years. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is for \$3,600 per taxable year up to a maximum of five years. Effective January 1, 2018, Act 342 of the 2017 Legislative Session expanded the definition to include primary nurse practitioners as eligible medical professionals. The amount of credit certified by the Department of Health and granted by the Department of Revenue is capped at \$1.5 million per calendar year. The purpose of this credit is to encourage eligible medical professionals to locate in small towns.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297(H)

#### Origin

Acts 1991, No. 1059, amended by Acts 2015, No. 125; Acts 2017, Nos. 342 and 400

#### Effective Date

January 1, 1991

#### Sunset Date

December 31, 2020

#### Beneficiaries

Eligible medical professionals who locate in small towns and the hospitals, residents, and patients of that area

### 37. Bone Marrow Donor Expense

A non-refundable credit is allowed for 25 percent of certain expenses paid or incurred during the tax year by an employer to provide a program for employees who are potentially or who actually become bone-marrow donors for returns filed during FYE 6-15. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is allowed for 18 percent of qualified expenses. The purpose of this credit is to encourage bone-marrow donation.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297(I)

#### Origin

Acts 1992, No. 206, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### Effective Date

August 21, 1992

#### Sunset Date

December 31, 2019

#### Provision for Other Taxes

R.S. 47:287.758

#### Beneficiaries

Individuals who donate bone marrow and individuals who need bone-marrow transplants

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there were no credits claimed in the Fiscal Year 2016-17.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$464,000	\$1,464,000

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# Individual Income Tax

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## { Credits }

### 38. Educational Expenses Incurred for Degree Related to Law Enforcement

For returns filed during FYE 6-15, a non-refundable credit is allowed for certain law enforcement officers and employees of the Department of Public Safety and Corrections for certain educational expenses incurred in pursuit of an undergraduate degree related to law enforcement. The amount of credit allowed in a tax year is equal to the lesser of the tax due, the amount of the qualifying educational expenses, or \$750. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the amount of credit allowed in a tax year is equal to the lesser of the tax due, 72 percent of the qualifying educational expenses, or \$540.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297(J)

#### Origin

Acts 1994, No. 23, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### Effective Date

Taxable periods beginning on or after January 1, 1995

#### Sunset Date

December 31, 2019

#### Beneficiaries

Employees and law enforcement officers pursuing a degree related to law enforcement

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$18,000	\$19,000

### 39. Employment of Certain First-Time Drug Offenders

For returns filed during FYE 6-15, a non-refundable credit of \$200 per employee per year for a maximum of two years is allowed for employing certain first-time drug offenders. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is \$144 per employee per year. The offender must have successfully completed a court-ordered drug treatment rehabilitation program, must be less than 25 years old at the time of initial employment, and must have worked for 180 full days. The purpose of this credit is to encourage employment of first-time drug offenders who complete a drug rehabilitation program.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297(K)

#### Origin

Acts 1994, No. 104, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### Effective Date

Taxable periods beginning on or after January 1, 1994

#### Sunset Date

December 31, 2019

#### Beneficiaries

First-time drug offenders who are employed by businesses that receive the credit and the companies and individuals who employ them

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there were no credits claimed in the Fiscal Year 2016-17.

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# Individual Income Tax

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## { Credits }

### 40. Purchase of Bulletproof Vest

For returns filed during FYE 6-15, a non-refundable credit is allowed for the purchase of a bulletproof vest by qualified law enforcement officers and certain employees of the Department of Public Safety and Corrections. The credit allowed is for the purchase price of the vest or \$100, whichever is less. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit allowed is 72 percent of the purchase price of the vest or \$72, whichever is less. Only one credit is allowed for the Five-Year period beginning with the purchase of the vest.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297(L)

#### Origin

Acts 1998, No. 20, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### Effective date

Taxable periods beginning after December 31, 1997

#### Sunset Date

December 31, 2019

#### Beneficiaries

Law enforcement officers and certain employees of the Department of Public Safety and Corrections

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$17,000	\$18,000

### 41. Employment of Certain First-Time Nonviolent Offenders

For returns filed during FYE 6-15, a non-refundable credit of \$200 per employee per year for a maximum of two years is allowed for employing certain first time nonviolent offenders. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is for \$140 per employee. The offender must have successfully completed a court-ordered program and have worked 180 full-time days. The purpose of this credit is to encourage employment of first-time nonviolent offenders.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297(O)

#### Origin

Acts 2005, Nos. 285, amended by Acts 2015, No. 125 ; Acts 2017, Nos. 400 and 403

#### Effective Date

Taxable periods beginning on or after January 1, 2005

#### Sunset Date

December 31, 2019

#### Provision for Other Taxes

R.S. 47:287.752

#### Beneficiaries

First time nonviolent offenders who are employed by businesses that receive the credit and the companies and individuals who employ them

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there were no credits claimed in the Fiscal Year 2016-17.

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# Individual Income Tax

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## { Credits }

### 42. Accessible and Barrier-Free Constructed Home

A non-refundable credit is allowed for taxpayers who include accessible and barrier-free design elements in the construction of a new one- or two-family dwelling. To claim the credit, the taxpayer must own the newly constructed one- or two-family dwelling and must qualify for and claim the homestead exemption on the home and the credit must be taken in the taxable year in which the construction of the dwelling is completed. Only one tax credit may be granted per dwelling. For returns filed during FYE 6-15, the credit is for the lesser of the tax due or \$1,000. For returns filed on or after July 1, 2015, the credit is for the lesser of 72 percent of the tax due or \$720.

Beginning with tax year 2018, the credit is for \$5,000, or the cost of the construction of a new one- or two-family dwelling or the renovation of an existing dwelling, whichever is less. To claim the credit, the taxpayer must own the newly constructed one- or two-family dwelling and must qualify for and claim the homestead exemption on the home. The taxpayer shall be allowed the credit in any case where there is a valid enforceable contract of a lease, as defined in Civil Code Article 2668, between the taxpayer and any individual who has a physical disability that requires or will require, the inclusion of accessible and barrier-free design elements in the dwelling and who occupies and resides in any portion of such dwelling pursuant to the terms of the contract of lease. The total amount of credits allowed in any calendar year may not exceed \$500,000.

#### Legal Citation

R.S. 47:297(P)

#### Origin

Acts 2011, No. 392, amended by Acts 2015, No. 125 ; Acts 2017, Nos. 270, 400 and 403

#### Effective Date

Taxable periods beginning on or after January 1, 2012

#### Sunset Date

December 31, 2019

#### Beneficiaries

Taxpayers who include accessible and barrier-free design elements in either the construction of a new home or renovation of an existing dwelling

### 43. Donations to Assist Qualified Playgrounds

A non-refundable tax credit is allowed for donations to assist qualified playgrounds in certain economically depressed areas. The donation may be in the form of cash, equipment, goods, or services. The purpose of this credit is to encourage donations to qualifying playgrounds.

For returns filed during FYE 6-15, the credit is equal to the lesser of \$1,000 or one-half the value of the donation. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is equal to the lesser of \$720 or 36 percent of the value of the donation.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6008

#### Origin

Acts 1992, No. 898, amended by Acts 2015, No. 125; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 400

#### Effective Date

Tax periods beginning after December 31, 1992

#### Beneficiaries

Economically depressed areas benefit from this credit, which should help to improve the quality of life of the residents

#### Estimated Fiscal Effect

A negligible amount for this credit was reported by taxpayers on the individual tax return data available at the time of publication.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Negligible	\$450,000

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# Individual Income Tax

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## { Credits }

### 44. Debt Issuance Costs

An economic development corporation is allowed a non-refundable credit equal to the filing fee paid to the Louisiana Bond Commission for the preparation and issuance of bonds for returns filed during FYE 6-15. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is equal to 72 percent of the filing fee paid.

The credit shall be taken as a credit against applicable tax or taxes in the taxable period in which the expenses were incurred, not to exceed the total tax liability for that taxable year.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6017

#### Origin

Acts 2002, No. 78, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

June 25, 2002

#### Beneficiaries

Economic development corporations

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there were no credits claimed in the Fiscal Year 2016-17.

### 45. Donations of Property to Certain Offices and Agencies

A non-refundable credit is allowed for 50 percent of the value of historical property donated to the Old State Capitol, the State Capitol Complex, and the State Archives. The amount of the credit in any year is limited to 50 percent of the donor's tax liability. The maximum amount of credit that may be granted in the aggregate in any single year is \$70,000. The purpose of this credit is to encourage donations to certain state agencies of property with historical value. This serves to preserve such property for future generations.

#### Legal Citation

R. S. 47:6011

#### Origin

Acts 1996, No. 10, amended by Acts 1998, No. 16

#### Effective Date

August 1, 1996

#### Sunset Date

June 30, 2000

However, unused credits may be carried forward until the full credit has been used.

#### Beneficiaries

Individuals who make such donations

#### Estimated Fiscal Effect

\$0; this credit has been inactive. No future activity is anticipated.

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# Individual Income Tax

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## { Credits }

### 46. Donations of Material, Equipment, or Instructors Made to Certain Training Providers

A non-refundable credit is allowed for donations of materials, equipment, or instructors made to training providers, vocational/technical schools, apprenticeship programs registered with the Louisiana Workforce Commission, or community colleges within the state. For returns filed during FYE 6-15, the credit is for one-half the value of the materials, equipment, or services donated. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is for 36 percent of the value. The tax credit when combined with other tax credits cannot exceed 20 percent of the employer's tax liability for any taxable year.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6012

#### Origin

Acts 1998, No. 30, amended by Acts 2002, No. 11; Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

June 24, 1998

#### Sunset Date

December 31, 2000

#### Reestablished

August 15, 2002 for taxable periods beginning after December 31, 2002

#### Beneficiaries

Individuals who take the tax credit and the citizens of the state that benefit from better equipped training facilities

#### Estimated Fiscal Effect

A negligible amount for this credit was reported by taxpayers on the individual tax return data available at the time of publication.

### 47. Long-Term Care Insurance Premiums

For returns filed during FYE 6-15, an individual who purchases a federally qualifying long-term care insurance policy is allowed a non-refundable credit for 10 percent of the total amount of premiums paid annually. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, an individual who purchases a federally qualifying long-term care insurance policy is allowed a tax credit for 7 percent of the total amount of premiums paid annually. Taxpayers applying for the credit must complete a form prescribed by the department.

For the premiums to qualify for the credit, the long-term care insurance policy must:

- Be approved by the commissioner of insurance for sale in Louisiana.
- Comply with the requirements of Part VI of Chapter 1 of Title 22 of the Louisiana Revised Statutes of 1950.
- Qualify for the federal credit as a long-term care insurance contract as defined in Section 7702B(b) of the Internal Revenue Code of 1986.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297(M)

#### Origin

Acts 2002, No. 54, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### Effective Date

The credit becomes effective if and when the legislature enacts a special fund to finance the credit.

#### Sunset Date

December 31, 2019

#### Beneficiaries

Individuals who purchase a federally qualifying long-term care insurance policy

#### Estimated Fiscal Effect

The legislature has not created a special fund to finance the credit.



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# Individual Income Tax

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## { Credits }

### 48. Living Organ Donation

For returns filed during FYE 6-15, a non-refundable credit is allowed for expenses by a taxpayer if related to the taxpayer's travel or absence from work related to the taxpayer's or the taxpayer's spouse's living organ donation. The amount of credit allowed shall not exceed \$10,000 per organ donation. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is equal to 72 percent of the expenses paid, limited to \$7,200 per organ donation.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297(N)

#### Origin

Acts 2005, No. 277, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

#### Effective Date

July 1, 2005, applicable to tax years beginning on or after January 1, 2005

#### Sunset Date

December 31, 2019

#### Beneficiaries

Taxpayers making a living organ donation

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$12,000	\$12,000

### 49. Employment-Related Expense for Maintaining Household for Certain Disabled Dependents

A non-refundable credit is allowed for persons maintaining a household that includes dependents who are physically or mentally disabled. The credit is equal to the applicable percentage of employment related expense allowable pursuant to Section 21 of the Internal Revenue Code. Unused credits are carried forward. The purpose of this credit is to provide some relief to taxpayers who incur such extraordinary expenses.

#### Legal Citation

R.S. 47:297.2

#### Origin

Acts 1996, No. 27, amended by Acts 2017, No. 403

#### Effective Date

Taxable periods beginning after December 31, 1996

#### Sunset Date

December 31, 2019

#### Beneficiaries

Families with disabled dependents benefit from this credit

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$11,000	\$11,000



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# Individual Income Tax

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## { Credits }

### **50. Employment of the Previously Unemployed**

A non-refundable credit is allowed for employment of each previously unemployed person in a qualified newly created full-time job and is allowed during the taxable period that the employee has completed one year of full-time service with the employer. The credit is in lieu of other job tax credits provided for in the law. The purpose of this credit is to encourage creation of new jobs, which will provide job opportunities for the previously unemployed. For returns filed during FYE 6-15, the credit is \$750 for each qualified new job and employee. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is \$540 for each qualified new job and employee.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citation**

R.S. 47:6004

#### **Origin**

Acts 1989, No. 636, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### **Effective Date**

Taxable periods beginning on or after July 1, 1990

#### **Beneficiaries**

Corporations who hire previously unemployed Louisiana citizens as well as Louisiana citizens who benefit from new employment, production and income opportunities

#### **Estimated Fiscal Effect**

The Department is unable to estimate the fiscal effect; there were no credits claimed in the Fiscal Year 2016-17.

### **51. Purchase of Qualified Recycling Equipment**

A non-refundable credit is allowed for the purchase of new recycling manufacturing or process equipment and/or qualified service contracts. If the equipment is sold before the total credit is claimed, the credit otherwise allowable may be claimed in the tax year of the sale and any unused credit is canceled for future periods.

The amount of the credit is computed at 20 percent of the cost of the equipment less other tax credits received for the purchase of the equipment, but may not exceed 50 percent of the tax liability before the credit for returns filed during FYE 6-15. Total credits certified by the secretary of the Department of Environment Quality in any calendar year shall not exceed five million dollars. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is allowed for 14.4 percent of the qualifying purchase or contract. For tax years beginning on or after January 1, 2017, the credit is allowed is for 14 percent. The total credits certified in any calendar year shall not exceed \$3.6 million.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### **Legal Citation**

R.S. 47:6005

#### **Origin**

Acts 1991, Nos. 359 and 1052, amended by Acts 2005, No. 319; Acts 2015, No. 125; Acts 2017, No. 400

#### **Effective Date**

Reestablished June 30, 2005

#### **Beneficiaries**

Individuals who invest in qualifying equipment in the state as well as Louisiana citizens who benefit from an improved environment

#### **Estimated Fiscal Effect**

A negligible amount for this credit was reported by taxpayers on the individual income tax return data available at the time of publication.

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# Individual Income Tax

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## { Credits }

### 52. Louisiana Basic-Skills Training

For returns filed during FYE 6-15, corporations are allowed a non-refundable credit of \$250 per qualified employee who participates in a basic-skills training program at an accredited school. The credit cannot exceed \$30,000 for any single business in a particular year. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is allowed for \$180 per qualified employee. Basic-skills training means any employer-paid training for qualified employees that enhances the employees' reading, writing, or mathematical skills to at least a twelfth grade level. The purpose of this credit is to encourage corporations to provide basic skills training, which will result in a more educated workforce.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6009

#### Origin

Acts 1992, No. 1098, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

July 1, 1993

#### Beneficiaries

Companies who provide qualified training to employees as well as Louisiana employees who benefit from improved skills

#### Estimated Fiscal Effect

A negligible amount for this credit was reported by taxpayers on the individual income tax return data available at the time of publication.

### 53. Apprenticeship

A non-refundable credit is allowed for employers for employing eligible apprentices. The credit is equal to one dollar for each hour of employment of each eligible apprentice, not to exceed 1,000 hours for each eligible apprentice. An eligible apprentice is a person who has entered into a written apprentice agreement with an employer or an association of employers pursuant to a registered apprenticeship program or a person who is enrolled in a training program accredited by the National Center for Construction Education and Research that has no less than four levels of training and no less than 500 hours of instruction.

#### Legal Citation

R.S. 47:6033

#### Origin

Acts 2007, No. 472, amended by Acts 2011, No. 126

#### Effective Date

July 11, 2007 for taxable periods beginning after December 31, 2007

#### Repealed

Acts 2015, No. 357, effective June 29, 2015

However, taxpayers have ten years to utilize credit.

#### Beneficiaries

Employers of eligible apprentices

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$138,000	\$138,000

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# Individual Income Tax

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## { Credits }

### 54. Cash Donations to the Dedicated Research Investment Fund

A non-refundable credit is allowed to persons or corporations who donate \$200,000 or more to the Dedicated Research Investment Fund. The credit is equal to 35 percent of cash donations to the Dedicated Research Investment Fund. The purpose of this credit is to encourage donations to the Dedicated Research Investment Fund.

#### Legal Citation

R.S. 51:2203

#### Origin

Acts 1987, No. 300

#### Effective Date

July 5, 1987

#### Repealed

Acts 2013, No. 300, effective June 17, 2013

#### Beneficiaries

Qualifying research institutions

#### Estimated Fiscal Effect

\$0; the Dedicated Research Investment Fund was never created.

### 55. Rehabilitation of Historic Structures

A non-refundable credit is allowed for the eligible cost and expenses incurred during the rehabilitation of a historic structure located in a downtown development or a cultural district. Eligible structures must be nonresidential real property or residential rental property. The credit is for 25 percent of the eligible costs and expenses of the rehabilitation incurred prior to January 1, 2018 and 20 percent for eligible costs and expenses incurred on or after January 1, 2018, but before January 1, 2022. No taxpayer or affiliate shall claim more than five million dollars of credit per year for any number of structures rehabilitated within a particular downtown development or a cultural district. The credit is earned only in the year in which the property attributable to the expenditures is placed in service.

#### Legal Citation

R.S. 47:6019

#### Origin

Acts 2002, No. 60, amended by Acts 2004, 1st Ex. Sess., No. 12; Acts 2005, No. 439; Acts 2007, No. 182 and 298; Acts 2009, No. 444; Acts 2011, No. 409; Acts 2013, Nos. 263 and 418; Acts 2015, No. 108; Acts 2017, No. 403

#### Effective Date

July 1, 2002 and taxable periods beginning January 1, 2008 for a cultural district

#### Sunset Date

Taxable periods ending prior to January 1, 2022

However, taxpayers have five years to utilize the credit.

#### Beneficiaries

Individuals or businesses rehabilitating a qualified historic structure

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$48,359,000	\$49,599,000

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# Individual Income Tax

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## { Credits }

### 56. Louisiana Community Development Financial Institutions Act

This provision creates the Louisiana Community Development Financial Institutions (LCDFI) Act. A (LCDFI) is any legal entity whose primary business activity is the investment of cash to acquire equity in or provide financing assistance as a licensed business and industrial development corporation to qualified Louisiana businesses in low-income communities and provides for an income and franchise tax credit for individuals and businesses that invest in LCDFIs. The credits are transferable and can be carried forward indefinitely. Any unused allocation of credits from a previous year may be carried forward and granted in the next year. For returns filed during FYE 6-15, the non-refundable credit is to be calculated as 75 percent of the investment. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is to be calculated as 54 percent of the investment.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citations

R.S. 51:3081 through 3094

#### Origin

Acts 2005, No. 491, amended by Acts 2007, No. 345; Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

July 12, 2005

#### Sunset Date

July 1, 2009, but provisions relevant to any granted tax credits continue to apply until July 1, 2012

#### Beneficiaries

Taxpayers that invest in LCDFI's, LCFIs, and low-income communities

### 57. Low-Income Housing

A non-refundable credit is allowed for providers of certain low-income housing. The credit is computed in accordance with the provisions of Section 42 of the 1986 Internal Revenue Code as modified by Act 972 of the 1990 Legislative Session. The purpose of this credit is to encourage investment in low-income housing.

#### Legal Citation

R.S. 47:12

#### Origin

Acts 1990, No. 1033

#### Effective Date

Taxable periods beginning on or after July 1, 1990

#### Sunset Date

December 31, 1993

However, unused credits can be carried forward until used.

#### Beneficiaries

Individuals providing low-income housing and the recipients of low-income housing

#### Estimated Fiscal Effect

\$0; this credit has been inactive. No future activity is anticipated.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$79,000	\$79,000

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# Individual Income Tax

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## { Credits }

### 58. Donations to School Tuition Organization

A non-refundable credit is available for taxpayers who donate to certain school tuition organizations (STO). In order to qualify to receive the credit the taxpayer must file an income tax return with LDR. The credit is equal to the amount of the donation used by the STO to fund a scholarship, not including any administrative costs paid by the donation. The credit is earned when the donation is made.

#### Legal Citation

R.S. 47:6301

#### Origin

Acts 2017, No. 377

#### Effective Date

January 1, 2018

#### Beneficiaries

Taxpayers that make such donations and low-income students that receive such scholarships

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect of this credit; the credit is for donations made on or after January 1, 2018.

### 59. Rehabilitation of an Owner Occupied Residential or Mixed-Use Property

This provision provides a refundable credit for a percentage of eligible expenses rehabilitating an owner occupied residential or mixed-use property located in a National Register historic district, a local historic district, a main street district, a cultural products district, or a downtown development district, or is eligible for listing on the National Register, or has been certified by the State Historic Preservation Office. For returns filed during FYE 6-15, the credit is limited to \$25,000 per structure and the percent of expenses allowed for the credit varies by income level. Total credits granted cannot exceed \$10 million in any calendar year. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is limited to \$18,600 per structure and the percent of expenses allowed for the credit varies by income level. Total credits granted cannot exceed \$7.2 million in any calendar year. The tax credit is divided into five equal portions to be applied against the tax for the Five-Year period beginning in the taxable period in which the rehabilitated residential structure is first placed in service.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297.6

#### Origin

Acts 2005, No. 479, amended by Acts 2007, No. 188 and 298; Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

January 1, 2006

#### Sunset Date

Taxable periods ending prior to January 1, 2018

#### Beneficiaries

Individuals rehabilitating qualified property

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$361,000	\$369,000

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# Individual Income Tax

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## { Credits }

### 60. Property Insurance

A refundable credit is allowed for seven percent of the premiums paid by individuals on their primary residence for homeowners' insurance, condominium owners' insurance, or tenant homeowners' insurance. Any Citizens property insurance assessment must be subtracted from the total premium paid before applying the seven percent credit rate.

This credit is limited to tax years beginning in 2008 only.

#### Legal Citation

R.S. 47:297.7

#### Origin

Acts 2007, No. 447, amended by Acts 2007, No. 371

#### Effective Date

January 1, 2008

#### Sunset Date

December 31, 2008

#### Beneficiaries

Taxpayers who have paid premiums on their primary residence for homeowners' insurance, condominium owners' insurance, or tenant homeowners' insurance

#### Estimated Fiscal Effect

This credit sunsetted December 31, 2008.

### 61. Earned Income Tax Credit

A refundable credit is allowed for residents of the state who are eligible for the federal earned income tax credit. The credit is equal to 3.5 percent of the federal earned income tax credit taken on a resident's federal income tax return.

#### Legal Citation

R.S. 47:297.8

#### Origin

Acts 2007, No. 278

#### Effective Date

January 1, 2008

#### Beneficiaries

Individual taxpayers who are claiming the earned income tax credit on their federal income tax return

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$48,412,000	\$49,380,000

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# Individual Income Tax

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## { Credits }

### 62. Amounts Paid by Certain Military Servicemembers for Obtaining Louisiana Hunting & Fishing Licenses

For returns filed during FYE 6-15, a refundable credit is allowed for the amounts paid by an active or reserve military servicemember, the spouse of an active or reserve military servicemember, or the dependent of such servicemember for obtaining a Louisiana noncommercial hunting or fishing license. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is for 72 percent of the amounts paid. The license purchased shall be valid only during the time the servicemember is on active duty. The credit does not apply to purchases of lifetime licenses.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:297.9

#### Origin

Acts 2007, No. 306, amended by Acts 2015, No. 125 ; Acts 2017, Nos. 400 and 403

#### Effective Date

July 1, 2007

#### Sunset Date

December 31, 2019

#### Beneficiaries

Military personnel obtaining Louisiana hunting and fishing licenses

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$114,000	\$117,000

### 63. Inventory Tax/Ad Valorem Tax

A refundable tax credit is allowed for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers for returns filed during FYE 6-15. For returns filed on or after July 1, 2015, but before July 1, 2016, regardless of the tax year to which it relates, the credit allowed is equal to 100 percent of the ad valorem taxes paid if the amount paid is less than \$10,000. If the ad valorem taxes paid are \$10,000 or more, only 75 percent of the excess credit over tax can be refunded with the remaining 25 percent carried forward for five years.

For returns filed on or after July 1, 2016:

- Groups of affiliated companies are required to be treated as one taxpayer for purposes of the limitations on refundability.
- If the total amount eligible for the credit is less than or equal to \$500,000, 100 percent of any excess credit is refundable, and for total eligible amounts above \$500,000, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.
- For new business entities formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100 percent of any excess credit is refundable, and for total eligible amounts \$10,000 or more, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.
- The credit is nonrefundable for taxes paid on inventory by any manufacturer who claimed the property tax exemption under the Industrial Tax Exemption Program (ITEP) during the same year the inventory taxes were paid, and for taxes paid by any company related to such manufacturer on inventory that is related to the business of such manufacturer.

For tax periods beginning on or after January 1, 2016, certain property held by persons engaged in the short term rental of such items qualifies for the credit. For returns filed on or after July 1, 2017, only taxpayers that are included on the same consolidated federal income tax return are required to combine their inventory taxes paid in order to determine the amount of the excess credit that is refundable.

#### Legal Citation

R.S. 47:6006

#### Origin

Acts 1991, No. 153, amended by Acts 1994, No. 28; Acts 2002, No. 11; Acts 2005, No. 363 ; Acts 2015, No. 133 ; Acts 2016, 2nd E. Sess., Nos. 4 and 5; Acts 2017, Nos. 338 and 385



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# Individual Income Tax

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## { Credits }

### 63. Inventory Tax/Ad Valorem Tax (continued)

#### Effective Date

July 1, 1992

#### Beneficiaries

Corporations that are manufacturers, distributors, and retailers paying ad valorem taxes on inventory

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$20,037,000	\$20,438,000

### 64. Ad Valorem Tax on Natural Gas

A refundable tax credit is allowed for the amount of ad valorem taxes paid to political subdivisions of Louisiana on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities for returns filed in FYE 6-15. For returns filed on or after July 1, 2015, but before July 1, 2016, regardless of the tax year to which it relates, the credit allowed is equal to 100 percent of the ad valorem taxes paid if the amount paid is less than \$10,000. If the ad valorem taxes paid are \$10,000 or more, only 75 percent of the excess credit over tax can be refunded with the remaining 25 percent carried forward for five years.

For returns filed on or after July 1, 2016:

- Groups of affiliated companies are required to be treated as one taxpayer for purposes of the limitations on refundability.
- If the total amount eligible for the credit is less than or equal to \$500,000, 100 percent of any excess credit is refundable, and for total eligible amounts above \$500,000, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.
- For new business entities formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100 percent of any excess credit is refundable, and for total eligible amounts \$10,000 or more, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.

For returns filed on or after July 1, 2017, only taxpayers that are included on the same consolidated federal income tax return are required to combine their taxes paid in order to determine the amount of the excess credit that is refundable.

#### Legal Citation

R.S. 47:6006

#### Origin

Acts 2005, No. 363; amended Acts 2015, No.133; Acts 2016, 2nd Ex. Sess., No. 4; Acts 2017, Nos. 338 and 385

#### Effective date

August 15, 2005

#### Beneficiaries

Corporations paying ad valorem taxes on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities

#### Estimated Fiscal Effect

A negligible amount for this credit is estimated for Fiscal Years 2017-18 and 2018-19.



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# Individual Income Tax

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## { Credits }

### 65. Ad Valorem Tax on Offshore Vessels

A refundable credit is allowed for ad valorem taxes paid on vessels that operate principally in Outer Continental Shelf Lands Act Waters. To qualify for the credit, the taxpayer must certify to the assessor that the vessel operated principally in outer continental shelf waters within the calendar year immediately before the tax year of assessment of the vessel and the ad valorem tax must have been paid to the political subdivision without protest. However, for taxable periods beginning on or after January 1, 2018, a taxpayer who pays the ad valorem tax under protest must notify the Department of Revenue within five business days of the date that the lawsuit is filed. The credit is equal to 100 percent of the taxes paid.

#### Legal Citation

R.S. 47:6006.1

#### Origin

Acts 1994, 3rd Ex. Sess., No. 59, amended by Acts 2002, No. 11; Acts 2017, No. 418

#### Effective Date

July 7, 1994

#### Beneficiaries

Corporations paying ad valorem taxes on vessels operating in Outer Continental Shelf Lands Act Waters

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$23,481,000	\$23,951,000

### 66. Ad Valorem Tax Paid by Certain Telephone Companies

A refundable credit is allowed for 40 percent of the total ad valorem taxes paid to Louisiana political subdivisions by telephone companies on their public service properties which are assessed by the Louisiana Tax Commission at 25 percent of fair market value pursuant to R.S. 47:1854.

#### Legal Citation

R.S. 47:6014

#### Origin

Acts 2000, No. 22

#### Effective Date

Tax years ending on or after December 31, 2001

#### Beneficiaries

Telephone companies and the public they serve

#### Estimated Fiscal Effect

\$0; this credit has been inactive. No future activity is anticipated.

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# Individual Income Tax

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## { Credits }

### 67. Purchases from Prison Industry Enhancement Contractors

For returns filed during FYE 6-15, a refundable credit is allowed for the state sales and use taxes paid on purchases of specialty apparel items from a Private Sector Prison Industry Enhancement (PIE) contractor. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, a credit is allowed for 72 percent of the state sales and use taxes paid on purchases of specialty apparel items from a PIE contractor. PIE contractors use inmate labor to produce items for sale and then pay 30 percent of the salary paid to the inmates back to the state.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6018

#### Origin

Acts 2002, No. 32, amended by Acts 2007, No. 466; Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

Taxable periods beginning on or after December 31, 2002

#### Reestablished

Taxable periods beginning on or after January 1, 2007

#### Beneficiaries

Private Sector Prison Industry Enhancement contractors and individuals who purchase items from them

#### Estimated Fiscal Effect

\$0; this credit has been inactive. No future activity is anticipated.

### 68. LA Citizens Property Insurance Corporation Assessments

A refundable credit is allowed for the amount of surcharges, market equalization charges, or assessments paid as a result of the assessments levied by the Louisiana Citizens Property Insurance Corporation due to Hurricanes Katrina and Rita. This credit is available to taxpayers who paid the assessments as a part of their homeowner's insurance premium. For returns filed in FYE 6-15, the credit is equal to 100 percent of the assessment paid. For returns filed on or after July 1, 2015, the credit is for 72 percent of the assessment paid. For taxable periods beginning on or after January 1, 2016, the credit is 25 percent.

A taxpayer can claim the credit after payment is made on a form provided by the secretary instead of on their Louisiana income tax return.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6025

#### Origin

Acts 2006, 2nd Ex. Sess., No. 4, amended by Acts 2007, No. 382; Acts 2015, No. 125; Acts 2016, 2nd Ex. Sess., No. 9; Acts 2017, Nos. 400 and 403

#### Effective Date

Taxable periods beginning on or after January 1, 2006

#### Sunset Date

December 31, 2019

#### Beneficiaries

Taxpayers who have paid the assessments levied by the LA Citizens Property Insurance Corporation

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$9,176,000	\$8,258,000

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# Individual Income Tax

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## { Credits }

### 69. Sugarcane Transport

A refundable credit is allowed for the cost paid by a taxpayer to acquire an eligible sugarcane trailer, to replace an eligible sugarcane trailer, or to convert an ineligible sugarcane trailer to an eligible sugarcane trailer. "Eligible sugarcane trailer" means a trailer that hauls sugarcane and meets the requirements of R.S. 32:387.7(B). Effective for costs of conversions or modifications of eligible sugarcane trailers paid on and after January 1, 2009, but before January 1, 2014.

#### Legal Citation

R.S. 47:6029

#### Origin

Acts 2007, No. 365, amended by Acts 2007, No. 368

#### Effective Date

January 1, 2009

#### Sunset Date

December 31, 2013

#### Repealed

Acts 2015, No. 357, effective June 29, 2015

#### Beneficiaries

Owners of vehicles hauling sugarcane

#### Estimated Fiscal Effect

This credit sunsetted December 31, 2013.

### 70. Solar Energy System

As of January 1, 2017, a refundable credit is allowed for taxpayers who purchased and installed, through a lease with the residence owner, a solar electric system at a single-family detached residence located in the state. Only one credit is allowed per residence including prior installations for which a credit was received. The credit is equal to 38 percent of the first \$20,000 of the cost of such system. For the purpose of determining the amount of the credit on leased systems, the cost of a system is limited to no more than \$2 per watt. Since the system is limited to providing for no more than six kilowatts of energy, the maximum credit base for leased systems is \$12,000. The credit may be used in addition to any federal tax credits earned for the same system, except that, a taxpayer may not receive any other state tax credit, exemption, exclusion, deduction, or any other tax benefit for property for which a tax credit has been received under this Section. Only one tax credit is available for any eligible system and use of the credit must be disclosed when the property is sold.

The cap on the credit for non-leased systems has been reached for FYE 6-16, 6-17 and 6-18. The cap on the credit for leased systems has been reached for FYE 6-16. Act 413 of the 2017 Regular Session provides for payment of solar tax credit claims in annual installments for eligible taxpayers who were denied or would have been denied as a result of the credit cap provisions imposed by Act 131 of the 2015 Regular Session. The annual installments will be paid in equal parts over three fiscal years beginning in FYE 6-18 and ending in FYE 6-20.

Fiscal Year	Leased	Non-Leased
2014-2015	\$19 million	No cap
2015-2016	\$10 million	\$10 million
2016-2017	\$10 million	\$10 million
2017-2018	\$5 million	\$5 million

#### Legal Citation

R.S. 47:6030

#### Origin

Acts 2007, No. 371, amended by Acts 2009, No. 467; Acts 2013, No. 428; Acts 2015, No. 131; Acts 2017, No. 413

#### Effective Date

January 1, 2008

#### Sunset Date

December 31, 2015

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# Individual Income Tax

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## { Credits }

### 70. Solar Energy System *(continued)*

#### Beneficiaries

Taxpayers installing wind or solar energy systems on their property

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$9,754,000	\$4,754,000

The estimated fiscal effect of this credit is only for purchased systems and is limited by the cap placed on the credit by Acts 2015, No. 131 and includes the annual installment payment required by Acts 2017, No. 413.

### 71. Milk Producers

A refundable credit is allowed for resident taxpayers engaged in the business of producing milk for sale. The credit is allowed when the USDA Uniform Price in Federal Order Number 7 drops below the announced production price established by the Department of Agriculture and Forestry at any time during the calendar year. Qualified taxpayers are eligible for tax credits based on the production and sale of milk below the announced production price over a calendar year.

The Department of Health must certify to the Department of Revenue, by January 31 of the following year, which milk producers are eligible to receive the credits. Any producer not certified by the Department of Health will not be entitled to the credits. For returns filed during FYE 6-15, the credits allowed for each milk producer may not exceed \$30,000 per calendar year, and the total amount of tax credits allowed for all producers may not exceed \$2.5 million per calendar year. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credits allowed for each milk producer may not exceed \$21,600 per calendar year, and the total amount of tax credits allowed for all producers may not exceed \$1.8 million per calendar year.

If a filing extension was granted prior to July 1, 2015, and the return filed after July 1, 2015, but before June 30, 2018, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

#### Legal Citation

R.S. 47:6032

#### Origin

Acts 2007, No. 461, amended by Acts 2015, No. 125; Acts 2017, No. 400

#### Effective Date

January 1, 2007

#### Beneficiaries

Resident taxpayers engaged in the business of producing milk for sale

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$794,000	\$810,000

# Individual Income Tax

## { Credits }

### 72. Conversion of Vehicles to Alternative Fuel

A refundable credit is allowed for the cost of the qualified clean burning motor vehicle fuel property for the taxable period in which the property is purchased and installed provided the motor vehicle is registered in Louisiana. The purpose of this credit is to provide an incentive to persons or corporations to invest in qualified clean-burning motor vehicle fuel property.

For returns filed during FYE 6-15, the credit is for 50 percent of the cost of the qualified property. If the taxpayer purchases a new motor vehicle equipped with qualified clean burning motor vehicle fuel property and is unable to or elects not to determine the exact cost attributable to the property, the taxpayer may claim a credit equal to 10 percent of the cost of the motor vehicle or \$3,000, whichever is less.

For purchases made July 1, 2015 through June 21, 2017, the credit is for 36 percent of the cost of the qualified property. If the taxpayer purchases a new motor vehicle equipped with qualified property and is unable to or elects not to determine the exact cost attributable to the property, the taxpayer may claim a credit equal to 7.2 percent of the cost of the motor vehicle or \$1,500, whichever is less.

For purchases installed in a vehicle conversion or building of fueling stations after June 21, 2017, the credit is 30 percent of the cost. For qualifying new vehicle purchased on or after June 22, 2017, but before June 26, 2017, the credit is for 7.2 percent of the cost of the qualified vehicle or \$1,500, whichever is less. For qualifying new vehicle purchased on or after June 26, 2017, the credit is equal to 10 percent of the cost of the qualified vehicle or \$2,500, whichever is less. For all purchases of qualified clean-burning motor fuel property on or after January 1, 2018, the credit is nonrefundable.

#### Legal Citation

R.S. 47:6035

#### Origin

Acts 2009, No. 469, amended by Acts 2015, No. 125; Acts 2017, Nos. 325, 400 and 403

#### Effective Date

January 1, 2009

#### Sunset Date

December 31, 2021

#### Beneficiaries

Owners purchasing qualified clean burning motor vehicle fuel property

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$536,000	\$376,000

### 73. School Readiness Child Care

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, a voluntary, quality rating system by the Department of Education for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.

The School Readiness Child Care Credit is allowed for children under the age of six who attended a quality-rated child care facility as designated by the Department of Education. The credit is for individuals based upon the credit provided for child care expenses in R.S. 47:297.4 and the quality rating of the child care facility.

#### Legal Citation

R.S. 47:6104

#### Origin

Acts 2007, No. 394

#### Effective Date

January 1, 2008

#### Beneficiaries

Individual taxpayers who have a child under the age of six enrolled in an eligible child care facility participating in the Quality Start program that is designed to increase the quality of child care and early learning for all children throughout Louisiana

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,404,000	\$2,452,000

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# Individual Income Tax

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## { Credits }

### 74. School Readiness Child Care Provider

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, a voluntary, quality rating system by the Louisiana Department of Education (LDE) for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.

Child care providers participating in Quality Start are allowed a refundable credit based on the average monthly number of children who either participate in the Child Care Assistance Program administered by LDE or who are foster children in the custody of Department of Children, Family and Services and attending facilities operated by a child care provider, multiplied by an amount based upon the quality rating of the facility.

#### Legal Citation

R.S. 47:6105

#### Origin

Acts 2007, No. 394

#### Effective Date

January 1, 2008

#### Beneficiaries

Child care providers participating in Quality Start, a program that is designed to increase the quality of child care and early learning for all children throughout Louisiana

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,830,000	\$2,886,000

### 75. School Readiness Child Care Directors and Staff

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, a voluntary, quality rating system by the Department of Education for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.

Child care teachers and directors will be eligible for the refundable credit based on the level of their education if they teach in centers participating in Quality Start. As long as the center is participating in Quality Start, and therefore has at least one star, then the teachers and directors are eligible to apply for the credit. Eligible teachers and directors must meet all of the educational requirements and must have worked at least 6 months of the calendar year at the same child care center.

The credit is adjusted annually by the percentage increase in the Consumer Price Index United States city average for all urban consumers (CPI-U), as prepared by the United States Department of Labor, Bureau of Labor Statistics, as determined by the secretary of the Department of Revenue on December first of the preceding calendar year.

#### Legal Citation

R.S. 47:6106

#### Origin

Acts 2007, No. 394

#### Effective Date

January 1, 2008

#### Beneficiaries

Eligible teachers and directors of licensed child care centers participating in the Quality Start program, the children of the facility and the State of Louisiana through the increase in the quality of child care and early learning for all children throughout the state

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$9,074,000	\$9,255,000

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# Individual Income Tax

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## { Credits }

### 76. School Readiness Business-Supported Child Care

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, a voluntary, quality rating system by the Department of Education for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.

A refundable credit is allowed for a taxpayer who incurs eligible business-supported child-care expenses. The credit amount depends upon the quality rating of the child care facility to which the expenses are related or the quality rating of the child care facility that the child attends. Eligible business-supported child-care expenses include expenses to construct, renovate, or expand a child care center, purchase equipment for a center, maintain or operate a center, or subsidize child care for their employees.

#### Legal Citation

R.S. 47:6107(A)(1)

#### Origin

Acts 2007, No. 394

#### Effective Date

January 1, 2008

#### Beneficiaries

Businesses that support child care centers participating in Quality Start, the child care centers and students and the state through the increase in the quality of child care and early learning

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$179,000	\$183,000

### 77. School Readiness Fees and Grants to Resource and Referral Agencies

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, a voluntary, quality rating system by the Department of Education for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.

A refundable credit is allowed for a taxpayer whose business pays fees and grants to child care resource and referral agencies. These are private agencies that contract with the Department of Education to provide important information and services to parents and child care providers. The credit is equal to the amount donated but cannot exceed \$5,000 per tax year.

#### Legal Citation

R.S. 47:6107(A)(2)

#### Origin

Acts 2007, No. 394

#### Effective Date

January 1, 2008

#### Beneficiaries

Businesses that support child care centers participating in Quality Start, the child care centers and students and the state through the increase in the quality of child care and early learning

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$637,000	\$649,000



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# Individual Income Tax

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## { Rebate }

### 78. Donations to School Tuition Organization

A rebate is available for taxpayers who donate to certain school tuition organizations (STO). In order to qualify to receive the rebate the taxpayer must file an income tax return with LDR. The rebate is equal to the amount of the donation used by the STO to fund a scholarship, not including any administrative costs paid by the donation. Rebates will be claimed and paid after the conclusion of the school year after receiving certification by the STO and the Department of Education.

Act 377 of the 2017 Legislative Session changed the rebate to a non-refundable credit for donations made on or after January 1, 2018.

#### Legal Citation

R.S. 47:6301

#### Origin

Acts 2012, No. 25, amended by Acts 2017, No. 377

#### Effective Date

January 1, 2013 for donations made to a STO which provides scholarships to qualified students to attend a qualified school for the 2013-2014 school year and thereafter

#### Beneficiaries

Taxpayers that make such donations and low-income students that receive such scholarships

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$4,431,000	\$4,923,000

## { Exemptions Required by the State Constitution or Federal Law }

### 79. Federal Income Tax Deduction

A deduction is allowed for federal income tax on income that Louisiana income tax is paid. The purpose of this deduction is to shelter from taxation the portion of a taxpayer's income that represents federal income taxes paid.

#### Legal Citations

La. Const., art. VII, Part I, § 4(A), R.S. 47:293(4), R.S. 47:293(9)

#### Origin

1974 Constitution and Acts 1974, No. 188

#### Effective Date

July 12, 1974

#### Beneficiaries

All individual taxpayers who file a tax return and have paid federal income tax

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$844,101,000	\$860,983,000

The estimated fiscal effect for FYE 6-19 does not include the impact of the changes on the federal tax return for taxable periods beginning after December 31, 2017.



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# Individual Income Tax

---

{Exemptions Required by the State Constitution or Federal Law }

## 80. Interest on United States Government Obligations

Interest and dividends from obligations issued directly by the U.S. government such as Treasury bills, U.S. savings bonds and U.S. agency obligations are exempt from Louisiana state income tax under R.S. 47:293. Also, interest and dividends from U.S. government obligations is prohibited from state taxation by 31 U.S.C. Section 3124(a) which states in part, “stocks and obligations of the United States Government are exempt from taxation by a State or political subdivision of a State. The exemption applies to each form of taxation that would require the obligation, the interest on the obligation or both, to be considered in computing a tax.”

### Legal Citations

31 U.S.C. Section 3124(a), R.S. 47:293

### Beneficiaries

The U.S. government and the individuals and entities that invest in their obligations

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,036,000	\$2,077,000

## 81. Native American Income

Income derived from sources on the reservation that have been earned or received by an enrolled member of a federally recognized Indian tribe who resides on that tribe’s reservation is exempt from Louisiana individual income tax.

### Legal Citations

18 U.S.C. Section 1162, R.S. 47:293

### Beneficiaries

Native Americans living and working on their tribe’s reservation

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$223,000	\$227,000

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# **Liquors-Alcoholic Beverage Tax Exemptions**

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# Liquors-Alcoholic Beverage Tax

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## { Introduction }

The alcoholic beverage tax law encompasses taxation on two categories of alcoholic beverages: (a) beverages of low-alcoholic content that are defined as alcoholic beverages containing not more than six percent alcohol by volume, and (b) beverages of high-alcoholic content that are defined as alcoholic beverages containing more than six percent alcohol by volume. Act 2 of the Extraordinary Session of 1933 first imposed an alcoholic beverage tax of \$1 per 31-gallon barrel on beer, porter, ale, fruit juices and wine. Act 15 of the 1934 Regular Session imposed a tax on liquor at 50¢ per wine gallon; sparkling wines at 50¢ per wine gallon; still wines not more than 14 percent alcohol by volume at 5¢ per wine gallon; still wines between 14 percent and 24 percent alcohol by volume at 10¢ per wine gallon; still wines over 24 percent alcohol by volume at 50¢ per wine gallon; and beer at \$1.50 per 31-gallon barrel. Tax stamps were used to indicate that the appropriate taxes had been paid. A discount of five percent of the face value of the stamps purchased in lots of \$100 or more was allowed to dealers.

The tax rates of beverages of alcoholic content have changed numerous times since 1934 as shown:

### **Low Alcohol and Malt Beverages**

1934	\$1.50	per 31-gallon barrel
1948	\$10.00	per 31-gallon barrel
2016	\$12.50	per 31-gallon barrel

### **Liquor**

1934	\$ .50	per wine gallon
1935	\$ .60	per wine gallon
1938	\$1.00	per wine gallon
1940	\$1.50	per wine gallon
1956	\$1.68	per wine gallon
1970	\$2.50	per wine gallon
1978	\$ .66	per liter
2016	\$ .80	per liter

### **Sparkling Wines and Still Wines over 24% alcohol by volume**

1934	\$ .50	per wine gallon
1935	\$ .60	per wine gallon
1938	\$1.00	per wine gallon
1940	\$1.50	per wine gallon
1956	\$1.58	per wine gallon
1978	\$ .42	per liter
2016	\$ .55	per liter

### **Still Wines not over 14% alcohol by volume**

1934	\$ .05	per wine gallon
1940	\$ .15	per wine gallon
1942	\$ .10	per wine gallon
1956	\$ .11	per wine gallon
1978	\$ .03	per liter
2016	\$ .20	per liter

### **Still Wines between 14% and 24% alcohol by volume**

1934	\$ .10	per wine gallon
1940	\$ .30	per wine gallon
1942	\$ .20	per wine gallon
1956	\$ .21	per wine gallon
1978	\$ .06	per liter
2016	\$ .35	per liter

The provisions related to the use of tax stamps for alcoholic beverages and the purchase discount were repealed in 1964 and were replaced by a six percent discount for timely filing and remitting the taxes on beverages of high alcohol content. This discount was reduced to three and one-third percent in 1972 and a two percent discount was enacted for beverages of low alcohol content. Acts 1978, No. 441 changed the measurement of liquor and wines from gallons to liters for tax purposes. The rates effectively remained unchanged as the per-gallon rates convert to the per-liter rates.

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# Liquors-Alcoholic Beverage Tax

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## { Introduction }

Act 736 of the 1990 Regular Legislative Session enacted the Louisiana Native Wine Law. Rates for the native wines were set the same as rates for other wines. This law was repealed in 2006.

The alcoholic beverages taxes are collected from the first handlers in Louisiana, usually bonded wholesale dealers. The bond required of manufacturers or wholesalers of alcoholic beverages is a minimum of \$10,000 for each type of permit held.

During the 1998 Regular Legislative Session, Act 71 established provisions by which sparkling and still wines could be sold and shipped directly to consumers in Louisiana by a manufacturer or retailer of such beverage domiciled outside of Louisiana. Included in the statutory requirements were the stipulations that in order for the wine to be shipped into Louisiana, the applicable taxes must be paid in full, the consumer to whom the wine is being shipped must be 21 years of age or older, and that the wine was purchased for the consumer's personal consumption.

Act 808 of the 2006 Regular Legislative Session repealed the Native Wine Law, defined and established permit procedures for wine producers. Furthermore, the law made provision that wine producers can, under certain conditions, ship product directly to consumers.

Act 7 of the 2016 First Extraordinary Legislative Session reduced the discount for accurately reporting and remitting to 1 ½ percent on beverages of low alcoholic content (beer) and 2 ½ percent on beverages of high alcoholic content.

### **Legal Citations**

R.S. 26:341 through 26:423

### **Tax Base**

Quantity of beverage handled

### **Tax Rate**

1. Liquors: 80¢ per liter
2. Sparkling wines: 55¢ per liter
3. Still wines:
  - a. Alcohol content not over 14% – 20¢ per liter
  - b. Alcohol content 14% to 24% – 35¢ per liter
  - c. Alcohol content over 24% – 55¢ per liter
4. Low alcohol 6% and under, malt beverages: \$12.50 per barrel

### **Types of Tax Exemptions**

For alcoholic beverage tax purposes, tax exemptions are exemptions, refund/credits, and discounts. Exemptions are items that were included in the tax base, but have been specifically exempted. Refund/credits are items that taxes were paid on initially, but the taxpayer has a right to request a refund or a credit. Discounts are a proportionate deduction from the gross amount reported. The tax exemptions for beer have been separated from those for liquor and wine.

There are several statutory tax exemptions that are also prohibited from taxation by federal laws. Because of these additional prohibitions, repeal of the exemption alone would not yield the fiscal effect indicated. For this reason, these exemptions have been separately grouped at the end of the section.

### **Significant Changes**

#### **2017 Regular Legislative Session**

Act 212 allows donations of alcoholic beverages of high or low alcoholic content to licensed Type A special events or unlicensed civic, religious, or charitable organizations subject to the payment of any applicable excise taxes. *Effective June 14, 2017.*

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# Liquors-Alcoholic Beverage Tax

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# Liquors-Alcoholic Beverage Tax

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{ Low Alcohol Tax Discount }

## 1. Timely Filing and Payment

A discount of 1.5 percent of the tax due is allowed for accurately reporting and timely remitting the taxes due. The purpose of this discount is to compensate the dealer for expenses incurred in accounting for the tax.

### Legal Citation

R.S. 26:345

### Origin

Acts 1972, No. 537, amended by Acts 2002, No. 14, Acts 2016, 1st Ex. Sess., No. 7

### Effective Date

July 26, 1972

### Beneficiaries

Registered wholesalers who accurately and timely remit the tax reports

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$722,000	\$708,000

{ Low Alcohol, Liquor & Wine Tax Refund/Credit }

## 2. Products Returned to Manufacturer or Destroyed by a Dealer

A tax refund or credit is allowed for alcoholic beverages that are returned to a manufacturer or destroyed by the dealer either due to the product being damaged or unfit for sale. The purpose of this provision is to give dealers credit for taxes paid on products returned as unsaleable.

### Legal Citation

R.S. 26:347

### Origin

Acts 1934, No. 15, amended by Acts 2002, No. 14

### Effective Date

August 1, 1934

### Beneficiaries

Licensed dealers or manufacturers of alcoholic beverages of low and high alcohol content

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$145,000	\$145,000

---

# Liquors-Alcoholic Beverage Tax

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## { Liquor and Wine Tax Exemptions }

### 3. Antiseptic, Scientific, Religious, and Chemical Uses

Liquor and wine that is not for consumption as an alcoholic beverage; sold for antiseptic preparations, scientific, chemical and industrial products; or sold to any priest, minister, rabbi, or other clergy for religious or sacramental purposes are exempt from the tax. The purpose of this exemption is to allow the tax-free sales of alcoholic products used for non-beverage consumption, chemical products, scientific products, and for religious purposes.

#### Legal Citation

R.S. 26:421

#### Origin

Acts 1934, No. 15

#### Effective Date

August 1, 1934

#### Beneficiaries

Religious organizations, pharmaceutical or chemical companies, and consumers of end products

#### Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there are no reporting requirements for this data.

## { Liquor and Wine Tax Discount }

### 4. Timely Filing and Payment

A dealer is allowed a discount of 2.5 percent of the tax due for accurately reporting and timely remitting the taxes due. The purpose of this discount is to encourage compliance and to compensate companies for expenses related to collection and remittance of the tax.

#### Legal Citation

R.S. 26:354(D)

#### Origin

Acts 1972, No. 537; amended by Acts 2016, 1st Ex. Sess., No. 7

#### Effective Date

July 26, 1972

#### Beneficiaries

Licensed wholesalers who accurately and timely remit the tax reports

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$868,000	\$885,000

---

# Liquors-Alcoholic Beverage Tax

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{ Federally Imposed Exemptions-Low Alcohol Tax }

## 5. Interstate Shipments

Low alcohol and malt beverages that are exported beyond the borders of Louisiana are not subject to excise taxes. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

### Legal Citation

R.S. 26:366(B)

### Origin

Acts 1933 Ex. Sess., No. 2

### Effective Date

April 13, 1933

### Beneficiaries

Dealers who export products in interstate commerce

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$960,000	\$960,000

## 6. Sales to Federal Government and its Agencies

Sales of alcoholic beverages to the U.S. Government or any of its agencies are exempt from the excise taxes. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

### Legal Citation

R.S. 26:422

### Origin

Acts 1933 Ex. Sess., No. 2

### Effective Date

April 13, 1933

### Beneficiaries

The U.S. Government and its agencies

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$180,000	\$180,000



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# Liquors-Alcoholic Beverage Tax

---

{ Federally Imposed Exemptions-  
Low Alcohol Tax }

## 7. Sales to Ships Engaged in Interstate or Foreign Commerce

Sales of alcoholic beverages to ships whose destination is beyond the borders of the state are exempt from excise taxes. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

### Legal Citation

R.S. 26:366(B)

### Origin

Acts 1933 Ex. Sess., No. 2

### Effective Date

April 13, 1933

### Beneficiaries

Dealers who sell for export in interstate commerce

### Estimated Fiscal Effect

A negligible amount for this exemption was reported by taxpayers on the beer tax return data available at the time of publication.

{ Federally Imposed Exemptions-  
Liquor and Wine Tax }

## 8. Interstate Shipments of Alcoholic Beverages

Alcoholic beverages exported beyond the border of Louisiana are not subject to any alcoholic beverage excise taxes. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

### Legal Citation

R.S. 26:366(A)

### Origin

Acts 1934, No. 15

### Effective Date

August 1, 1934

### Beneficiaries

Licensed dealers who export products in interstate commerce

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$20,000	\$20,000

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# Liquors-Alcoholic Beverage Tax

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{ Federally Imposed Exemptions-Liquor and Wine Tax }

## 9. Foreign Consul and Foreign Commerce

All sales of alcoholic beverages to a foreign consulate or country are exempt from alcoholic beverage excise taxes. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

### Legal Citation

R.S. 26:366

### Origin

Acts 1934, No. 15

### Effective Date

August 1, 1934

### Beneficiaries

Foreign nations and their consulates

### Estimated Fiscal Effect

A negligible amount for this exemption was reported by taxpayers on the liquors tax returns data available at the time of publication.

## 10. Sales to the Federal Government and its Agencies

Sales of alcoholic beverages to the U.S. Government or any of its agencies may be exempt from the excise taxes. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

### Legal Citation

R.S. 26:422

### Origin

Acts 1934, No. 15

### Effective Date

August 1, 1934

### Beneficiaries

The U.S. Government and its agencies

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$41,000	\$41,000



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# **Natural Resources Severance Tax Exemptions**

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# Natural Resources - Severance Tax

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## { Introduction }

A severance tax is levied upon all natural resources severed from the soil or water, including all forms of timber, including pulp woods, and turpentine and other forest products; minerals such as oil, gas, natural gasoline, distillate, condensate, casinghead gasoline, sulphur, salt, coal, lignite, and ores; also marble, stone, gravel, sand, shells, and other natural deposits; and the salt content in brine.

Oil and gas collections account for almost 98 percent of all severance tax collections. Because of the significant revenues generated and the fact that only one minor exemption affects the other natural resources, the focus of this section is centered on the oil and gas taxes.

The first tax, based on the severance of oil and gas, was imposed in 1910. This tax was levied as an occupational license tax at a rate of 1/5¢ per 10,000 cubic feet or 10 MCF for gas, and 2/5¢ per barrel of oil.

Act 140 of 1922 carried into effect a 1921 constitutional authority for a severance tax. There have been many changes in the tax rates since 1910, including fluctuations from a volumetric to a percentage-of-value based tax. The changes are listed below in chronological order.

1910	Oil 2/5¢ per barrel; gas 1/5¢ per 10 MCF
1912	Oil and gas; 0.5% of gross value less royalty interest
1920	Oil and gas; 2% of gross value
1922	Oil and gas; 3% of gross market value
1928	Oil 4-11¢ per barrel depending on gravity; gas 1/5¢ per MCF
1936	Gas 3/10¢ per MCF
1940	Oil 6-11¢ per barrel depending on gravity; condensate 11¢ per barrel
1948	Oil 18-26¢ per barrel depending on gravity; condensate 20¢ per barrel
1958	Gas 2.3¢ per MCF
1972	Gas 3.3¢ per MCF
1974	Oil and condensate 12.5% of value; gas 7¢ per MCF
7/90	Gas 10¢ per MCF, indexed annually
7/91	Gas 9¢ per MCF
7/92	Gas 7¢ per MCF
7/93	Gas 7.5¢ per MCF
7/94	Gas 8.7¢ per MCF
7/95	Gas 7¢ per MCF
7/96	Gas 7.7¢ per MCF
7/97	Gas 10.1¢ per MCF
7/98	Gas 9.3¢ per MCF
7/99	Gas 7.8¢ per MCF
7/00	Gas 9.7¢ per MCF
7/01	Gas 19.9¢ per MCF
7/02	Gas 12.2¢ per MCF
7/03	Gas 17.1¢ per MCF
7/04	Gas 20.8¢ per MCF
7/05	Gas 25.2¢ per MCF
7/06	Gas 37.3¢ per MCF
7/07	Gas 26.9¢ per MCF
7/08	Gas 28.8¢ per MCF
7/09	Gas 33.1¢ per MCF
7/10	Gas 16.4¢ per MCF
7/11	Gas 16.4¢ per MCF
7/12	Gas 14.8¢ per MCF
7/13	Gas 11.8¢ per MCF
7/14	Gas 16.3¢ per MCF
7/15	Gas 15.8¢ per MCF
7/16	Gas 9.8¢ per MCF
7/17	Gas 11.1¢ per MCF

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# Natural Resources - Severance Tax

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## { Introduction }

### Tax Base

The tax is imposed upon severance of the oil and gas from the soil or water and is paid by the natural resource owners. The state of Louisiana has over 30,000 producing oil and gas wells.

### Tax Rate

The capable tax rate for oil and condensate is 12.5 percent of value and accounts for over 96 percent of the oil and condensate tax collections. There is also an incapable rate and a stripper rate for low-producing oil wells. The capable rate for gas, presently 11.1¢ per MCF, is responsible for over 98 percent of total gas tax collections. There are also reduced tax rates for low-pressure oil-well gas and incapable gas-well gas. The current severance tax rates are:

Type	Rate
<b>Oil severance tax</b>	
Capable rate.....	12.5% of value
R.S. 47:633(7)(a)	
Incapable rate.....	6.25% of value
R.S. 47:633(7)(b)	
Stripper rate.....	3.125% of value
R.S. 47:633(7)(c)(i)	
Condensate severance tax.....	12.5% of value
R.S. 47:633(8)	
<b>Gas severance tax</b>	
Capable rate.....	11.1¢ per MCF
R.S. 47:633(9)(a)	
R.S. 47:633(9)(d)(i)	
Low pressure oil-well gas rate.....	3¢ per MCF
R.S. 47:633(9)(b)	
Incapable gas-well gas rate.....	1.3¢ per MCF
R.S. 47:633(9)(c)	

### Types of Tax Exemptions

Severance tax exemptions for oil, gas, and minerals are in the form of exclusions, exemptions, special rates, deductions, and suspensions. Exclusions are by statute and refer to specific categories of natural gas upon which the tax shall not accrue. Exemptions and suspensions are also statutorily mandated and exempt or suspend the tax on oil or gas severed from wells that meet certain criteria. Special rates reduce the tax on natural resources severed from wells that qualify under specified criteria. Deductions are defined as a credit against or a reduction to the taxable base.

There are two exemptions that are also prohibited from taxation by federal laws. Because of these additional prohibitions, repeal of the exemption alone would not yield the fiscal effect indicated. For this reason, these exemptions have been separately grouped at the end of the section.

### Significant Changes

#### 2017 Regular Legislative Session

Act 411 changes the oilfield site restoration fees on crude oil and condensate produced from producing wells in Louisiana and on gas produced from producing wells in Louisiana. The amount of the fee shall be assessed at the full production rate fee for all production from oil and gas wells except for production from those that are identified as reduced rate production wells. *Effective July 1, 2017.*

Act 421 establishes the reduced tax rates for inactive wells and orphan wells. Production from an oil or gas well certified by the Department of Natural Resources as having been inactive for two or more years or having thirty days or less of production during the past two years is subject to a severance tax rate equal to 50% of the full rate of tax imposed for a period of ten years. Production from an oil or gas well certified by DNR as an orphan well for longer than sixty months is subject to a severance tax rate equal to 25% of the full rate of tax imposed for a period of ten years. An application for inactive or orphan well certification must be made to the Department of Natural Resources during the period beginning July 1, 2018, and ending June 30,

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# Natural Resources - Severance Tax

---

## { Introduction }

2023. Once the well is certified as inactive or orphan, production is subject to the special rate from the date production begins or ninety days from the date of the application, whichever occurs first.

The oil or gas production must be produced from the same perforated producing interval or from one hundred feet above and one hundred feet below the perforated producing interval for lease wells, and within the correlative defined interval for unitized reservoirs, that the formerly inactive or orphaned well produced from before being inactive or designated as an orphan well. The exemption shall be extended by the length of any inactivity of a well that has commenced production when such inactivity is caused by a force majeure.

If, in any one fiscal year, the Department of Revenue estimates that the severance tax paid under this Act will be in excess of \$15 million, the Department will notify the Commissioner of Conservation, who will not certify inactive or orphan well status for any other wells for the remainder of that fiscal year. Certifications may begin again after the beginning of the next fiscal year.

If the severance tax is paid at the full rate before the Department of Natural Resources approves an application for inactive or orphan well status, the operator is entitled to a credit against taxes imposed in an amount equal to the tax paid. In order to receive a credit, the operator must apply to the Department of Revenue for the credit no later than the first anniversary after the date the Department of Natural Resources certifies that the well is an inactive or orphan well. *Effective August 1, 2017.*

Act 386 sunsets the Louisiana Mega-Project Energy Assistance Rebate. *Effective July 1, 2017.*

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# Natural Resources - Severance Tax

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# Natural Resources - Severance Tax

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# Natural Resources - Severance Tax

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## { Natural Gas Exclusions }

### 1. Injection

An exclusion is allowed for the injection of gas into producing reservoirs. The gas injected maintains reservoir pressure and enhances the recovery of hydrocarbons. Although excluded, the gas could eventually become taxable if later re-produced and sold. The purpose of this exclusion is to promote secondary recovery and repressurization programs.

#### Legal Citation

R.S. 47:633(9)(e)(i)

#### Origin

Acts 1940, No. 145

#### Effective Date

1940

#### Beneficiaries

Anyone in industry undertaking a repressurization or secondary recovery project

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$902,000	\$839,000

### 2. Produced Outside the State of Louisiana

An exclusion is allowed for gas produced outside the state and transported into Louisiana to be injected. The purpose of this exclusion is to clarify that natural gas severed outside the state is not taxable.

#### Legal Citation

R.S. 47:633(9)(e)(ii)

#### Origin

Acts 1960, No. 2

#### Effective Date

1960

#### Beneficiaries

Unknown beneficiaries as the volume of gas imported is too small to benefit most companies and the only activity is around the three-mile offshore boundary separating state and federal leases

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$12,000	\$20,000

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# Natural Resources - Severance Tax

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## { Natural Gas Exclusions }

### 3. Flared or Vented

An exclusion is allowed for gas flared or vented to the atmosphere, provided such gas is not otherwise sold. Gas is normally vented or flared when testing, waiting on sales line, or when produced in noncommercial quantities. The purpose of this exclusion is to provide financial relief to producers of natural and casinghead gas.

#### Legal Citations

R.S. 47:633(9)(e)(iii), R.S. 47:633(9)(e)(vi)

#### Origin

Acts 1935, No. 24

#### Effective Date

1935

#### Beneficiaries

All of industry

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$436,000	\$423,000

### 4. Consumed in Field Operations

An exclusion is allowed for gas used or consumed for fuel in maintaining the operation of a field. This includes gas used for heating, separating, producing, dehydrating, compressing, and pumping oil and gas in the field where produced provided that the gas is not otherwise sold. The purpose of this exclusion is to provide financial assistance to qualifying producers.

#### Legal Citation

R.S. 47:633(9)(e)(iv)

#### Origin

Acts 1958, No. 2

#### Effective Date

1958

#### Beneficiaries

All of industry

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$4,240,000	\$4,240,000

---

# Natural Resources - Severance Tax

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## { Natural Gas Exclusions }

### 5. Consumed in the Production of Natural Resources in the State of Louisiana

An exclusion is allowed for gas consumed in the production of natural resources, other than oil and gas, in the state of Louisiana. The purpose of this exclusion is to provide financial assistance to qualifying producers.

#### Legal Citation

R.S. 47:633(9)(e)(v)

#### Origin

Acts 1974, No. 5

#### Effective Date

January 1, 1974

#### Beneficiaries

Producers who use natural gas in the production of natural resources, other than oil or gas

#### Estimated Fiscal Effect

A negligible amount for this exclusion was reported by taxpayers on the severance tax return data available at the time of publication.

### 6. Used in the Manufacture of Carbon Black

An exclusion is allowed for gas consumed in the manufacture of carbon black in plants. The producer and seller of the gas are allowed an exclusion from the severance tax that in turn lowers the sales price. The purpose of this exclusion is to provide financial assistance to carbon-black manufacturers.

#### Legal Citation

R.S. 47:633(9)(e)(vii)

#### Origin

Acts 1958 Ex. Sess., No. 2

#### Effective Date

1958

#### Beneficiaries

Carbon-black companies operating in Louisiana

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$153,000	\$127,000

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# Natural Resources - Severance Tax

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## { Natural Gas Suspensions }

### 7. Horizontal Wells

Any well drilled or recompleted horizontally from which production commences after July 31, 1994, shall have all severance tax suspended for 24 months or until payout of the well is achieved, whichever comes first. Payout of well cost shall be the cost of completing the well to the start of production. Acts 2015, No 120 amended R.S. 47:633(7) for any production commencing after July 1, 2015. The suspension is now dependent on the average oil price determined by the secretary on July 1st of each year for the ensuing 12 months. The purpose of this tax suspension is to encourage the drilling of horizontal wells.

#### Legal Citation

R.S. 47:633(7)(c)(iii)

#### Origin

Acts 1994, No. 2, amended by Acts 2015, No. 120

#### Effective Date

August 1, 1994

#### Beneficiaries

Any producer who successfully completes or recompletes a well horizontally

#### Estimated Fiscal Effect

In accordance with Acts 2015, the secretary set the price of natural gas for FY 17-18 at \$2.30 per million BTU. Since this amount is below the \$4.50 threshold for gas, the suspension is at 100 percent.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$77,306,000	\$77,306,000

### 8. Inactive Wells

Gas wells returned to service after being inactive for two or more years or having 30 days or less production for the past two years were allowed a severance tax exemption for five years. The June 30, 1996, deadline for applying for inactive status was extended to June 30, 1998, by Acts 1996, No. 16, and to June 30, 2000, by Acts 1998, No. 7. Acts 2002, No. 74 amended R.S. 47:633(7)(c)(iv) to reactivate the exemption effective for production beginning July 1, 2002, and ending June 30, 2006, and changed the suspension period from five to two years. Acts 2005, No. 492 suspension the time for taxpayers to apply for certification June 30, 2006, to June 30, 2010, and extended the suspension period from two to five years for any well granted inactive certification on or after January 1, 2005.

#### Legal Citation

R.S. 47:633(7)(c)(iv)

#### Origin

Acts 1994, No. 2, amended by Acts 2017, No. 421

#### Effective Date

August 1, 1994

#### Beneficiaries

Gas producers with older mature fields containing inactive wells

#### Estimated Fiscal Effect

The application deadline was June 30, 2010 and the suspension is for five years from the date of production or ninety days from the date of application, whichever comes first. The suspension will be replaced with a reduced tax rate at 50 percent of the tax imposed beginning in FY 19.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Negligible	Not in effect

# Natural Resources - Severance Tax

## { Natural Gas Suspensions }

### 9. Deep Wells

The severance tax on gas wells drilled to a true vertical depth of more than 15,000 feet is suspended for a period of 24 months or until payout of the well cost, whichever occurs first. Production must start after July 31, 1994. The purpose of this tax suspension is to encourage gas operators to invest in the drilling of deep wells.

**Legal Citation**

R.S. 47:633(9)(d)(v)

**Origin**

Acts 1994, No. 2

**Effective Date**

August 1, 1994

**Beneficiaries**

Gas producers that successfully drill to a depth greater than 15,000 feet

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$451,000	\$451,000

## { Natural Gas Special Rates }

### 10. Incapable Oil-Well Gas

Gas produced from an oil well that has been determined by the Secretary to have 50 pounds or less of wellhead pressure per square inch or producing by artificial methods, gas lift, or pumping, is eligible for a special reduced tax rate of 3¢ per MCF. The purpose of this special rate is to encourage continued production from low-pressure oil wells.

**Legal Citation**

R.S. 47:633(9)(b)

**Origin**

Acts 1958 Ex. Sess., No. 2

**Effective Date**

1958

**Beneficiaries**

Small independent operators who continue production on low-producing wells as well as major oil companies

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$356,000	\$310,000

# Natural Resources - Severance Tax

## { Natural Gas Special Rates }

### 11. Incapable Gas-Well Gas

Gas produced from gas wells that are determined by the Secretary to be incapable of producing an average of 250,000 cubic feet of gas per day is eligible for a special reduced tax rate of 1.3¢ per MCF. The purpose of this special rate is to encourage the continued production from low-producing gas wells.

**Legal Citation**

R.S. 47:633(9)(c)

**Origin**

Acts 1958 Ex. Sess., No. 2

**Effective Date**

1958

**Beneficiaries**

Small independent operators who continue production on low-producing wells as well as major oil companies

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$12,184,000	\$12,184,000

### 12. Orphan Wells

Gas wells designated by the Department of Natural Resources as being an orphan well for longer than sixty months are allowed a severance tax rate equal to 25 percent of the rate imposed for ten years. The gas production must be produced from the same perforated producing interval or from one hundred feet above and one hundred feet below the perforated producing interval for lease wells, and within the correlative defined interval for unitized reservoirs, that the formerly orphaned well produced from before being designated as an orphan well. The purpose of this special rate is to encourage production from orphaned wells.

**Legal Citation**

R.S. 47:633(7)(c)(iv)

**Origin**

Acts 2017, No. 421

**Effective Date**

August 1, 2017

**Beneficiaries**

Gas producers with previously orphaned wells

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Not in effect	Unable to anticipate

The estimated effect of this special tax rate is likely to be delayed until FY 2020 and beyond since few such wells have been brought into production in recent years.

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# Natural Resources - Severance Tax

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## { Natural Gas Special Rates }

### 13. Inactive Wells

Gas wells designated by the Department of Natural Resources as being either inactive for two or more years or having 30 days or less production for the past two years are allowed a severance tax rate equal to 50 percent of the rate imposed for ten years. Eligible wells may apply for certification from July 1, 2018 through June 30, 2023. The gas production must be produced from the same perforated producing interval or from one hundred feet above and one hundred feet below the perforated producing interval for lease wells, and within the correlative defined interval for unitized reservoirs, that the formerly inactive well produced from before being designated as an inactive well. The purpose of this special rate is to encourage production from inactive wells.

#### Legal Citation

R.S. 47:633(7)(c)(iv)

#### Origin

Acts 2017, No. 421

#### Effective Date

August 1, 2017

#### Beneficiaries

Gas producers with older mature fields containing many inactive wells

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Not in effect	Unable to anticipate

The estimated effect of this special tax rate is likely to be delayed until FY 2020 and beyond since few such wells have been brought into production in recent years.

## { Natural Gas Incentive }

### 14. Produced Water Injection-Gas Wells

A 20 percent severance tax reduction is allowed on gas produced from wells in which produced water is injected into the reservoir to increase recovery. This incentive was enacted to reduce produced water discharge by providing a severance tax saving for producers that inject produced waters into a gas reservoir to increase recovery of gas.

#### Legal Citation

R.S. 47:633.5(C)

#### Origin

Acts 1991, No.625

#### Effective Date

July 17, 1991

#### Beneficiaries

Gas producers that inject produced waters into a gas reservoir to increase the recovery of gas

#### Estimated Fiscal Effect

A negligible amount for this incentive was reported by taxpayers on the severance tax return data available at the time of publication.



# Natural Resources - Severance Tax

## { Oil Deductions }

### 15. Trucking, Barging, and Pipeline Fees

Oil and condensate are taxable at the higher of 12.5 percent of the gross receipts less charges for trucking, barging, and pipeline fees or the posted field price. The Department's regulation, LAC 61:I.2903, allows producers transporting through their own facilities a 25¢ per barrel deduction; those with third-party transportation may deduct 25¢ per barrel or the actual amount charged. The purpose of the regulation is to allow a standard 25¢ per barrel deduction for all producers.

**Legal Citation**

R.S. 47:633(7)(a)

**Origin**

Acts 1973 Ex. Sess., No. 6

**Effective Date**

January 1, 1974

**Beneficiaries**

All of industry

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$557,000	\$557,000

## { Oil Suspensions }

### 16. Horizontal Wells

Any well drilled or recompleted horizontally from which production begins after July 31, 1994, will have all severance tax suspended for 24 months or until payout of the well is achieved, whichever occurs first. Payout of well cost is the cost of completing the well to the start of production. Acts 2015, No 120 amended R.S. 47:633(7) for any production commencing after July 1, 2015. The suspension is dependent on the average oil price determined by the secretary on July 1st of each year for the ensuing 12 months. The purpose of this tax suspension is to encourage drilling horizontal wells.

**Legal Citation**

R.S. 47:633(7)(c)(iii)

**Origin**

Acts 1994, No. 2, amended by Acts 2015, No. 120

**Effective Date**

August 1, 1994

**Beneficiaries**

Any producer who successfully completes or recompletes a well horizontally

**Estimated Fiscal Effect**

In accordance with Acts 2015, No. 120, the secretary set the price of oil for FY 17-18 at \$41.91 per barrel of oil. Since this amount is below the \$70 per barrel threshold, the exemption is at 100 percent.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$4,287,000	\$3,430,000

# Natural Resources - Severance Tax

## { Oil Suspensions }

### 17. Inactive Wells

Oil wells returned to service after being inactive for two or more years or having 30 days or less production for the past two years were allowed a severance tax exemption for five years. The June 30, 1996, deadline for applying for inactive status was extended to June 30, 1998, by Acts 1996, No. 16, and to June 30, 2000, by Acts 1998, No. 7. Acts 2002, No. 74 amended R.S. 47:633(7)(c)(iv) to reactivate the exemption effective for production beginning July 1, 2002, and ending June 30, 2006, and changed the suspension period from five to two years. Acts 2005, No. 492 extended the time for taxpayers to apply for certification from June 30, 2006, to June 30, 2010, and extended the suspension period from two to five years for any well granted inactive certification on or after January 1, 2005.

**Legal Citation**

R.S. 47:633(7)(c)(iv)

**Origin**

Acts 1994, No. 2, amended by Acts 2017, No. 421

**Effective Date**

August 1, 1994

**Beneficiaries**

Oil producers with older mature fields containing many inactive wells

**Estimated Fiscal Effect**

The application deadline was June 30, 2010 and the suspension is for five years from the date of production or ninety days from the date of application, whichever comes first. The suspension will be replaced with a reduced tax rate at 50 percent of the tax imposed beginning in FY 19.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Negligible	Not in effect

### 18. Deep Wells

The severance tax on oil wells drilled to a true vertical depth of more than 15,000 feet is suspended for a period of 24 months or until payout of the well cost, whichever occurs first. Production must start after July 31, 1994. The purpose of this tax suspension is to encourage oil operators to invest in the drilling of deep wells.

**Legal Citation**

R.S. 47:633(9)(d)(v)

**Origin**

Acts 1994, No. 2

**Effective Date**

August 1, 1994

**Beneficiaries**

Oil producers that successfully drill to a depth greater than 15,000 feet

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,450,000	\$986,000

# Natural Resources - Severance Tax

## { Oil Suspensions }

### 19. Tertiary Recovery

This suspension, enacted in 1983, provides that no severance tax is due on crude oil produced from a qualified tertiary project approved by the Department of Natural Resources until the project has reached payout. The purpose of this suspension is to provide financial assistance to producers undertaking large-scale carbon dioxide injection projects; however, the collapse of oil prices has postponed these projects.

**Legal Citation**

R.S. 47:633.4

**Origin**

Acts 1983 Ex. Sess., No. 643, amended by Acts 2009, No. 450

**Effective Date**

July 20, 1983

**Beneficiaries**

Producers undertaking large-scale carbon dioxide injection projects

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$15,283,000	\$15,283,000

## { Oil Special Rates }

### 20. Incapable Oil

An oil well incapable of producing an average of more than 25 barrels of oil per producing day, and producing at least 50 percent salt water, and having no capable well on the lease is eligible for a special reduced tax rate of 6.25 percent of value. The purpose of this special rate is to encourage the continued production from low-volume wells.

**Legal Citation**

R.S. 47:633(7)(b)

**Origin**

Acts 1948, No. 10

**Effective Date**

1948

**Beneficiaries**

Oil producers in Louisiana with wells producing in the 10-25 barrel per day range

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$4,804,000	\$4,612,000

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# Natural Resources - Severance Tax

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## { Oil Special Rates }

### 21. Stripper Oil

An oil well incapable of producing an average of more than ten barrels of oil per producing day for the entire taxable month is eligible for a special reduced tax rate of 3.125 percent of value. The purpose of this special rate is to encourage the continued production from stripper oil wells.

#### Legal Citation

R.S. 47:633(7)(c)(i)(aa)

#### Origin

Acts 1973 Ex. Sess., No.5

#### Effective Date

January 1, 1974

#### Beneficiaries

Oil producers in Louisiana with low-producing oil wells

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$18,669,000	\$18,296,000

### 22. Stripper Oil - Value Less than \$20 per Barrel

An oil well certified as a stripper well (incapable of producing an average of more than ten barrels of oil per producing day) is exempt from severance tax in any month in which the average posted price for a 30-day period is less than \$20 per barrel. Act 43 of the 1998 Regular Legislative Session amended the law to provide that the same value used as a basis to impose the severance tax under R.S. 47:633(7)(a) be used to determine the exemption for certified stripper production. The purpose of this exemption is to encourage producers to continue the operation of low-producing oil wells. However, stripper wells already qualify for a reduced tax rate of 3.125 percent of value.

#### Legal Citation

R.S. 47:633(c)(i)(bb)

#### Origin

Acts 1994, No. 2

#### Effective Date

June 1, 1994

#### Beneficiaries

Producers with oil wells certified as a stripper well

#### Estimated Fiscal Effect

The price of oil is expected to exceed \$20/bbl, therefore the estimated fiscal effect is \$0.

# Natural Resources - Severance Tax

## { Oil Special Rates }

### 23. Orphan Wells

Oil wells designated by the Department of Natural Resources as being an orphan well for longer than sixty months are allowed a severance tax rate equal to 25 percent of the rate imposed for ten years. The gas production must be produced from the same perforated producing interval or from one hundred feet above and one hundred feet below the perforated producing interval for lease wells, and within the correlative defined interval for unitized reservoirs, that the formerly orphaned well produced from before being designated as an orphan well. The purpose of this special rate is to encourage production from orphaned wells.

**Legal Citation**

R.S. 47:633(7)(c)(iv)

**Origin**

Acts 2017, No. 421

**Effective Date**

August 1, 2017

**Beneficiaries**

Oil producers with previously orphaned wells

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Not in effect	Unable to anticipate

The estimated effect of this special tax rate is likely to be delayed until FYE 6-20 and beyond since few such wells have been brought into production in recent years.

### 24. Inactive Wells

Oil wells designated by the Department of Natural Resources as being either inactive for two or more years or having 30 days or less production for the past two years are allowed a severance tax rate equal to 50 percent of the rate imposed for ten years. Eligible wells may apply for certification from July 1, 2018 through June 30, 2023. The oil production must be produced from the same perforated producing interval or from one hundred feet above and one hundred feet below the perforated producing interval for lease wells, and within the correlative defined interval for unitized reservoirs, that the formerly inactive well produced from before being designated as an inactive well. The purpose of this special rate is to encourage production from inactive wells.

**Legal Citation**

R.S. 47:633(7)(c)(iv)

**Origin**

Acts 2017, No. 421

**Effective Date**

August 1, 2017

**Beneficiaries**

Oil producers with older mature fields containing many inactive wells

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Not in effect	Unable to anticipate

The estimated effect of this special tax rate is likely to be delayed until FYE 6-20 and beyond since few such wells have been brought into production in recent years.

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# Natural Resources - Severance Tax

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## { Oil Special Rates }

### 25. Salvage Oil

A special reduced rate of 3.125 percent of value applies to salvage oil reclaimed by class-one reclamation facilities that are permitted by the Office of Conservation. The purpose of this special rate is to provide financial assistance to class-one salvage oil operators. There is a prohibition against any person or affiliate of a person actually engaged in severing of oil, gas, or other natural resources from participating in this reduced rate program.

**Legal Citation**

R.S. 47:648.21

**Origin**

Acts 1986, No. 673

**Effective Date**

July 1, 1986

**Beneficiaries**

Class-one salvage oil operators

**Estimated Fiscal Effect**

\$0; no activity is anticipated.

### 26. Horizontal Mining and Drilling Projects

The working-interest owners of horizontal- mining and drilling projects approved by the Office of Conservation are taxed at the special reduced rate of 3.125 percent of value until the cumulative value of hydrocarbon production from the project equals 2.33 times the private investment invested by the working-interest owners. The purpose of this special rate is to promote innovation in horizontal-mining and drilling technologies. One project was planned; however, it was abandoned and no projects are planned for the near future.

**Legal Citation**

R.S. 47:633(7)(c)(ii) (aa) and (cc)

**Origin**

Acts 1990, No. 551

**Effective Date**

August 1, 1990

**Beneficiaries**

Companies who undertake horizontal-mining and drilling projects

**Estimated Fiscal Effect**

\$0; no activity is anticipated.

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# Natural Resources - Severance Tax

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## { Oil Incentive }

### 27. Produced Water Injection – Oil Wells

A 20 percent severance tax reduction is allowed on oil produced from wells in which produced water is injected into the reservoir to increase recovery. This incentive was enacted to reduce produced water discharge by providing a severance tax saving for producers that inject produced waters into an oil reservoir to increase recovery of oil.

#### Legal Citation

R.S. 47:633.5(C)

#### Origin

Acts 1991, No.625

#### Effective Date

July 17, 1991

#### Beneficiaries

Oil producers that inject produced waters into an oil reservoir to increase the recovery of oil

#### Estimated Fiscal Effect

A negligible amount for this incentive was reported by taxpayers on the severance tax return data available at the time of publication.

## { Mineral Exemption }

### 28. Owned and Severed by Political Subdivisions

This exemption, enacted in 1988, applies to any political subdivision of the state that owns and severs natural resources for its own use. The purpose of this exemption is to provide financial assistance to police jurors severing gravel for their own use.

#### Legal Citation

R.S. 47:632(B)

#### Origin

Acts 1988, No. 594

#### Effective Date

1988

#### Beneficiaries

The political subdivisions that own and sever natural resources for their own use

#### Estimated Fiscal Effect

\$0; no activity is anticipated in the future since the tax on gravel has been repealed.

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# Natural Resources - Severance Tax

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## { Rebates }

### 29. Louisiana Mega-Project Energy Assistance

The secretary of the Department of Economic Development may grant assistance if it is determined that the consumption of energy will be a major cost component of the operation of a mega fund project and such assistance may moderate the cost of energy thereby becoming a major factor in inducing a mega fund project to locate, expand, or remain in the state. With respect to projects for which the secretary makes a determination on or after July 1, 2015, the rebate granted to a mega-project cannot exceed 80 percent of severance taxes that were paid to the state on any natural gas consumed or used directly in the operation or consumed indirectly in the manufacture or creation of energy sold to the mega-project facility for its operation.

#### Legal Citation

R.S. 51:2367

#### Origin

Acts 2010, No. 1006, amended by Acts 2015, No. 126; Acts 2017, No. 386

#### Effective Date

July 1, 2010

#### Sunset Date

No new contracts may be approved after June 30, 2017

#### Beneficiaries

Operators of mega-project facilities

#### Estimated Fiscal Effect

This rebate sunsetted July 1, 2017 and no contracts were entered into.

## { Federally Imposed Tax Exemptions }

### 30. U.S. Government Royalty - Gas Wells

An exemption is allowed for natural gas produced by privately owned wells in which the Federal Government holds interest in mineral royalties. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

#### Legal Citation

No specific statute

#### Origin

U. S. Constitution, Louisiana Administrative Code 61:I.2903.F.6

#### Effective Date

1995

#### Beneficiaries

United States Federal Government

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$143,000	\$114,000



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# Natural Resources - Severance Tax

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{ Federally Imposed Tax Exemptions }

## 31. U.S. Government Royalty - Oil Wells

An exclusion is allowed for oil produced by privately owned wells in which the Federal Government holds interest in mineral royalties. The purpose of this exclusion is to comply with taxation prohibitions of the U.S. Constitution.

### Legal Citation

No specific statute

### Origin

Louisiana Administrative Code Title 61.I.2903

### Effective Date

1995

### Beneficiaries

United States Federal Government

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$573,000	\$573,000

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# **Petroleum Products Tax Exemptions**

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# Petroleum Products Taxes

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## { Introduction }

A tax on gasoline and motor fuels was first levied in the 1921 Louisiana Constitution at the rate of 1¢ per gallon. Special fuels were first taxed at the rate of 7¢ per gallon under a Use Fuel Tax as levied by Act 244 of 1940. This act also required fuel permits. Various amendments through the years set the rates as follows:

- 1921 Gasoline tax first levied at 1¢ per gallon
- 1924 Gasoline at 2¢ per gallon
- 1928 Gasoline at 4¢ per gallon
- 1930 Gasoline at 5¢ per gallon
- 1936 Gasoline at 7¢ per gallon
- 1940 Special fuels tax first levied at 7¢ per gallon
- 1948 Gasoline and special fuels at 9¢ per gallon
- 1952 Gasoline and special fuels at 7¢ per gallon
- 1968 Gasoline and special fuels at 8¢ per gallon
- 1984 Gasoline and special fuels at 16¢ per gallon
- 1990 Gasoline and special fuels at combined rate of 20¢ per gallon
- 2016 Special fuels (CNG and LNG) at 20¢ per gallon, LPG at 14.6¢ per gallon

Act 16 of the First Extraordinary Session of 1989 increased the total tax on gasoline, motor fuels, and special fuels to the current 20¢ per gallon, not by increasing the 16¢ per gallon rate imposed by R.S. 47:711 and R.S. 47:802, but by levying an additional 4¢ under a new part titled Transportation Infrastructure Model for Economic Development (TIMED). The money generated by this levy, which was effective January 1, 1990, was specifically dedicated. By the same legislation, the Transportation Trust Fund was created wherein the 16¢ per gallon tax collections would eventually be deposited.

### **Gasoline and Diesel Fuels Tax**

The gasoline tax was collected from the dealer who first handles, sells, distributes, uses, or consumes the gasoline and motor fuel in Louisiana. However, Acts 2005, No. 252 enacted R.S. 47:818.1 et seq. to move the point of collection for tax on motor fuels to the terminal rack. Clear diesel fuel, as newly defined, will be subject to tax when the product leaves the terminal via the rack so that subsequent sales of the product should be of taxed fuel and any clear diesel ultimately used for a nontaxable purpose could be eligible for the refund of the fuel tax paid.

The act also changed the discounts allowed to dealers and marketers. Previously a discount was allowed to gasoline dealers for three percent of the first 1¢ of tax; gasoline jobbers were allowed three percent of the first 4¢ of tax; and special fuel suppliers were allowed three percent of net taxable gallons. Acts 2005, No. 252 allowed suppliers (refiners) to keep 1.5 percent of the tax if they timely filed and remitted the taxes and passed on one percent of the tax to the distributors (marketers). Under Acts 2015, No. 147, the discount for suppliers was reduced to 0.5 percent of the tax and .003 percent for a licensed distributor or importer.

### **Special Fuels Tax**

Special fuels are defined as any gas or liquid, other than gasoline or diesel fuel, used or suitable for use as motor fuel in an internal combustion engine or motor to propel any form of vehicle, machine, or mechanical contrivance. Special fuels include compressed natural gas, liquefied natural gas, and liquefied petroleum gas. The tax on special fuels was paid by any person who operates a motor vehicle upon the highways that uses or is capable of using LPG or CNG. From July 1, 2006 to December 31, 2015, the tax was paid on an annual return using an annual flat rate or tax based on usage depending on the weight of the vehicle and evidenced by a decal that was issued to owner or operator of motor vehicles.

Effective January 1, 2016, Acts 2015, No. 147 repealed R.S. 47:818.101 through 104 and enacted R.S. 47:818.111 through 132 which changed the manner in which fuel tax is collected on compressed natural gas (CNG), liquefied natural gas (LNG), and liquefied petroleum gas (LPG) when used to power a motor fuel vehicle. The tax is added to the price of the fuel dispensed at the pump or from the storage container and is to be paid by the retail dealer selling the fuel as a motor fuel, or from the special fuel fleet dealer when used in fleet operations.

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# Petroleum Products Taxes

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## { Introduction }

### **Fee for Inspection**

To defray the expenses connected with the inspection, testing, and analyzing of petroleum products in the state, an inspection fee of  $\frac{4}{32}$  of one cent per gallon is collected on all petroleum products distributed, sold, or offered for sale or use or consumption in the state or used or consumed in the state. The fee, to be paid by the first person handling the fuel, must be paid before delivery to agents, dealers, or consumers in the state. The fee is not collected on liquefied petroleum gas, natural gas, or bulk sale or transfers and exports out of the state are not subject to the fee. In addition, no fee is due on fuels that are eligible for tax refunds under the provisions of R.S. 47:818.15(A)(5) or that are sold for use in or distributed to seagoing vessels as defined in R.S. 3:4602.

### **Legal Citations**

R.S. 47:818.6 enacted by Acts 2005, No. 252 provides that the provisions of the act, R.S. 47:818.1 et seq. supersede the provisions of R.S. 47:711-727, 771-788, and 801-815.1 to the extent that they are inconsistent or in conflict. The provisions of R.S. 47:711-727, 771-788, and 801-815.1 that are not inconsistent or in conflict with R.S. 47:818.1 et seq. remain in effect.

### **Gasoline and Diesel Fuels Tax:**

R.S. 47:818.1 through 818.6-General Provisions

R.S. 47:818.11 through 818.62 Gasoline and Diesel Fuel

### **Special Fuels Tax:**

R.S. 47:818.1 through 818.6-General Provisions

R.S. 47:818.111 through 818.132 Special Fuels

### **Fee for Inspection:**

R.S. 3:4684

### **Tax Base**

Gasoline and diesel fuel sold, used, or consumed in the state of Louisiana for domestic consumption; all special fuels sold, used, or consumed in Louisiana for the operation of motor vehicles that are licensed or required to be licensed for highway use.

### **Fee Base**

All petroleum products distributed, sold, or offered or exposed for sale or use or consumption in the state of Louisiana except liquefied petroleum gas and natural gas.

### **Tax Rate**

Gasoline and diesel fuels .....20¢ per gallon

Special fuels (CNG and LNG).....20¢ per gallon

Special Fuels (LPG) ..... 14.6¢ per gallon

Fee for inspection ..... $\frac{4}{32}$  of 1¢ per gallon

Special Fuels of liquefied natural gas, liquefied petroleum gas, and compressed natural gas:

- Beginning January 1, 2016, the special fuel tax will be collected by any person or entity upon the delivery of the fuel into the fuel supply tank of a motor vehicle.
- Previously, the tax was collected by the purchase of a decal at an annual flat rate of \$150 or a variable rate of 16¢ per gallon, but not to exceed \$150, for each vehicle operating on one of these fuels.

School buses that transport Louisiana students:

- One-half of the lesser of the regular flat rate or one-half of the variable rate.

### **Types of Tax Exemptions**

Petroleum products tax exemptions are in the form of exemptions, refunds, and discounts. Exemptions are items that were included in the tax base, but have been specifically exempted statutorily. Refunds are a restitution of taxes paid. Discounts are a proportionate deduction from the amounts reported.

There are two statutory tax exemptions that are also prohibited from taxation by federal laws. Because of these additional

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# Petroleum Products Taxes

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## { Introduction }

prohibitions, repeal of the exemption alone would not yield the fiscal effect indicated. For this reason, these exemptions have been separately grouped at the end of the section.

### **Significant Changes**

#### **2017 Regular Legislative Session**

Act 145 changed the definition of the term “aviation gasoline” to any gasoline which is intended for or primarily used for propelling aircrafts. *Effective July 1, 2017.*

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# Petroleum Products Taxes

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# Petroleum Products Taxes

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## { Gasoline Tax Exemptions }

### 1. Casinghead Gasoline

Casinghead and absorption gasoline, when sold to be blended or compounded with other less volatile liquids in the manufacture of commercial gasoline or motor fuel, is exempt from gasoline tax. The purpose of this exemption is to encourage the blending of casinghead and absorption gasoline with other less volatile liquids in the production of gasoline or motor fuels.

**Legal Citation**

R.S. 47:713

**Origin**

Acts 1928 Ex. Sess., No. 6

**Effective Date**

January 4, 1929

**Beneficiaries**

None

**Estimated Fiscal Effect**

The Department is unable to estimate the fiscal effect; there are no reporting requirements for this data.

### 2. Aviation Gasoline

Aviation fuel used for propelling aircraft, including aircraft operated in interstate or foreign commerce under a certificate or permit issued by the Civil Aeronautics Board of the United States or any successor or federal governmental board or agency having similar authority is exempt from the tax. The purpose of this provision is to allow the sale of gasoline for aviation use to be exempt from the gasoline tax.

**Legal Citation**

R.S. 47:716.1 superseded by R.S. 47:818.14(A)(3)

**Origin**

Acts 1980, No. 559, superseded by Acts 2005, No. 252; amended by Acts 2017, No.145

**Effective Date**

September 12, 1980

**Beneficiaries**

Owners/operators of aviation gasoline powered aircraft

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$147,000	\$144,000

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# Petroleum Products Taxes

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## { Gasoline Tax Refunds }

### 3. School Bus Drivers

Contract drivers of all privately owned school buses transporting Louisiana students may qualify for a refund of three-fourths of the gasoline fuels tax. This refund does not apply to commercial buses that transport students only incidentally as a part of the operator's regular business. The purpose of this refund is to financially assist contract drivers of privately owned school buses.

#### Legal Citation

R.S. 47:715.1 superseded by R.S. 47:818.15(A)(1)

#### Origin

Acts 1984, No. 927, superseded by Acts 2005, No. 252

#### Effective Date

September 3, 1984

#### Beneficiaries

Contract drivers of privately owned school buses

#### Estimated Fiscal Effect

A negligible amount for this refund was requested by taxpayers at the time of publication.

### 4. Farmers, Fishermen, and Aircraft

Tax paid on gasoline fuel used for the following purposes may be refunded when the requirements of R.S. 47:1681 et seq. have been met:

- Operating or propelling aircraft;
- Operating or propelling any commercial fishing boat or any vehicle used by a licensed fisherman in the administration of business associated with commercial fishing;
- Operating any boat used to transport children to or from school; and
- Operating any farm tractor or any farm machinery, including any stationary motor, used in the actual tilling of the soil and production of crops.

The purpose of this refund is to allow gasoline for certain uses to be free of tax and to provide financial assistance to the beneficiaries.

#### Legal Citation

R.S. 47:818.15(A)(2)

#### Origin

Acts 1950, No. 371 and Acts 2005, No. 252.

#### Effective Date

September 1, 1950

#### Beneficiaries

Farmers, fishermen, and operators of gasoline-powered aircraft

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$16,000	\$14,000



# Petroleum Products Taxes

## { Gasoline Tax Discounts }

### 5. Timely Filing and Payment by Suppliers/ Permissive Suppliers

Suppliers and permissive suppliers that file a timely return and remit a timely payment are allowed to deduct an administrative discount of one and one-half percent of the tax due on gasoline fuels. The deduction is only allowed if the supplier allows a deduction of one percent to a purchaser with a valid distributor or importer license. Effective July 1, 2015, the discount for suppliers was reduced to one-half percent and the deduction allowed to a valid distributor or importer was reduced to one-third of one percent.

**Legal Citation**

R.S. 47:818.22(A)

**Origin**

Acts 2005, No. 252, amended by Acts 2015, No. 147

**Effective Date**

July 1, 2006

**Beneficiaries**

Suppliers and permissive suppliers that comply with the discount requirements

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,596,000	\$2,596,000

## { Diesel Tax Exemption }

### 6. Dyed Diesel/Dyed Kerosene Gallons Removed for Non-Highway Purposes

Dyed diesel and dyed kerosene fuel is intended to be sold and used only for non-highway purposes and off-road vehicles. The fuel is not subject to the fuel tax but is subject to the inspection fee. The purpose of this exemption is to not impose excise taxes on certain diesel fuels and to identify fuel not used for highway purposes.

**Legal Citation**

R.S. 47:818.14(B)

**Origin**

Acts 2005, No. 252

**Effective Date**

July 1, 2006

**Beneficiaries**

End users who purchase dyed diesel and dyed kerosene fuels

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$132,023,000	\$129,383,000

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# Petroleum Products Taxes

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## { Diesel Fuels Tax Refunds }

### 7. School Bus Drivers

Contract drivers of all privately-owned school buses transporting Louisiana students, whether such students are in private or public schools, are eligible for a refund of three-fourths of the diesel fuels tax. The purpose of this refund is to financially assist contract drivers of privately-owned school buses.

**Legal Citation**

R.S. 47:715.1 superseded by R.S. 47:818.15(A)(1)

**Origin**

Acts 1984, No. 927

**Effective Date**

September 3, 1984

**Beneficiaries**

Contract drivers of privately owned school buses

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$211,000	\$211,000

### 8. Diesel Fuels Used in Licensed Vehicles by Commercial Fishermen

Licensed commercial fishermen are eligible for a refund of the diesel fuels tax paid on the fuel used operating licensed motor vehicles when performing commercial fishing-related business. The purpose of this refund is to allow undyed diesel fuels used by fishermen to be free of tax and to financially assist the commercial fishermen.

**Legal Citation**

R.S. 47:802.2 superseded by R.S. 47:818.15(A)(2)

**Origin**

Acts 1982, No. 820 and Acts 2005, No. 252

**Effective Date**

January 1, 1983

**Beneficiaries**

Licensed commercial fishermen

**Estimated Fiscal Effect**

\$0; at present, no claims are being filed for this refund.

# Petroleum Products Taxes

## { Diesel Fuels Tax Refunds }

### 9. Undyed Diesel Fuels Used for Nontaxable Purposes

Tax paid for undyed diesel fuel used for nontaxable purposes when dyed diesel fuel is not available may be eligible for a refund. The purpose of this refund is to allow diesel fuel for certain uses to be free of tax and to provide financial assistance to the beneficiaries.

**Legal Citation**

R.S. 47:815.15 (A)(4)

**Origin**

Acts 1984, No. 927

**Effective Date**

September 3, 1984

**Beneficiaries**

End users who purchase tax-paid diesel fuel

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$604,000	\$604,000

Note: In FYE 6-17, undyed diesel fuels used by government entities for nontaxable purposes totaled \$231,065.

## { Diesel Fuels Tax Discount }

### 10. Timely Filing and Payment by Suppliers/ Permissive Suppliers

R.S. 47:818.22(A) allows suppliers and permissive suppliers that file a timely return and remit a timely payment to deduct an administrative discount of one and one-half percent of the tax due on diesel fuels. The deduction is only allowed if the supplier allows a deduction of one percent to a purchaser with a valid distributor or importer license. Effective July 1, 2015, the discount for suppliers was reduced to one-half percent and the deduction allowed to a valid distributor or importer was reduced to one-third of one percent.

**Legal Citation**

R.S. 47:818.22(A)

**Origin**

Acts 2005, No. 252, amended by Acts 2015, No. 147

**Effective Date**

July 1, 2006

**Beneficiaries**

Suppliers and permissive suppliers that comply with the discount requirements

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$707,000	\$686,000

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# Petroleum Products Taxes

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## { Special Fuels Tax Refunds }

### 11. School Bus Drivers

Contract drivers of all privately owned school buses transporting Louisiana students may qualify for a refund of 50% of the special fuel tax paid beginning January 1, 2016. This refund does not apply to commercial buses that transport students only incidentally as a part of the operator's regular business. The purpose of this refund is to financially assist contract drivers of privately owned school buses.

**Legal Citation**

R.S. 47:818.120

**Origin**

Acts 2015, No. 147

**Effective Date**

January 1, 2016

**Beneficiaries**

Contract drivers of privately owned school buses

**Estimated Fiscal Effect**

\$0; at present, no claims are being filed for this refund.

## { Special Fuels Tax Discount }

### 12. Timely Filing and Payment by Dealers

R.S. 47:818.119(A) allows licensed dealers that file a timely return and remit a timely payment to deduct an administrative discount of one-third of one percent of the tax due on special fuels.

**Legal Citation**

R.S. 47:818.119(A)

**Origin**

Acts 2015, No. 147

**Effective Date**

January 1, 2016

**Beneficiaries**

Licensed dealers that comply with the discount requirements

**Estimated Fiscal Effect**

A negligible amount for this discount was reported by taxpayers on the special fuels tax return data available at the time of publication.

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# Petroleum Products Taxes

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## { Inspection Fee Exemptions }

### 13. Gasoline and Undyed Diesel Brought into Louisiana in Fuel Supply Tanks of Interstate Motor Fuel Users

The inspection fee does not apply to gasoline or undyed diesel fuels brought into Louisiana in the fuel supply tanks of interstate motor fuel users. The majority of these users are participants in the International Fuel Tax Agreement who file reports with their base jurisdiction to report miles traveled within this state and the related tax liability.

#### Legal Citation

R.S. 47:818.13(F), R.S. 3:4684

#### Origin

Acts 1976, No. 555

#### Effective Date

January 1, 1977

#### Beneficiaries

Interstate motor fuel users who travel into and through Louisiana

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$39,000	\$42,000

### 14. Undyed Diesel Fuel Used by Commercial Fisherman

The inspection fee does not apply to taxed undyed diesel fuel that is purchased and used in vehicles utilized by licensed commercial fishermen in the administration of the business associated with commercial fishing that is subject to a tax refund in accordance with R.S. 47:818.15(A)(5).

#### Legal Citation

R.S. 3:4684

#### Origin

Acts 2003, No. 139

#### Effective Date

September 1, 2003

#### Beneficiaries

Licensed commercial fishermen

#### Estimated Fiscal Effect

\$0; at present, no reports are being filed claiming this exemption.

# Petroleum Products Taxes

## { Inspection Fee Exemptions }

### 15. Diesel Fuels Used in or Distributed to Seagoing Vessels

The inspection fee does not apply to fuels sold for use in or distributed to seagoing vessels as defined at R.S. 3:4602. These vessels must also be in possession of an exemption certificate issued under the provisions of R.S. 47:305.1.

**Legal Citation**

R.S. 3:4684

**Origin**

Acts 2003, No. 139

**Effective Date**

September 1, 2003

**Beneficiaries**

Seagoing vessels

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$634,000	\$602,000

### 16. Exports of Gasoline or Diesel Fuels

The inspection fee does not apply to gasoline or diesel fuels that are exported from Louisiana.

**Legal Citation**

R.S. 3:4684

**Origin**

Acts 2003, No. 139

**Effective Date**

September 1, 2003

**Beneficiaries**

Those who export products in interstate commerce

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$556,000	\$556,000

# Petroleum Products Taxes

## { Federally Imposed Exemptions }

### 17. Gasoline and Diesel Sales to Federal Government and its Agencies

Bulk gasoline and diesel sales of 6,000 gallons or more per transaction to the U.S. Government and gasoline sold to the U.S. armed forces for propelling ships of the Navy or Coast Guard or for aviation purposes is exempt from the gasoline taxes. The purpose of this provision is to provide an exemption for bulk sales and for fuel used for specific government purposes and not for resale at retail.

**Legal Citation**

R.S. 47:715 superseded by R.S. 47:818.14(A)(1) and (2)

**Origin**

Acts 1944, No. 131

**Effective Date**

July 6, 1944

**Beneficiaries**

The U.S. Government

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$153,000	\$134,000

### 18. Interstate Gasoline and Diesel Shipments/Exports

Gasoline or undyed diesel fuel exported to any other state is exempt from the tax only when the tax of the destination state is remitted to the supplier for that state. This exemption does not apply to any gasoline or undyed diesel fuel that is transported and delivered outside this state in the fuel supply tank of a highway vehicle.

In addition, gasoline or undyed diesel fuel exported to a foreign country is exempt from the tax if the bill of lading indicates the foreign destination.

The purpose of these exemptions is to comply with taxation prohibitions of the U.S. Constitution.

**Legal Citations**

R.S. 47:717 superseded by R.S. 47:818.14(C) and (D) and the U.S. Constitution

**Origin**

Acts 1928 Ex. Sess., No. 6

**Effective Date**

January 4, 1929

**Beneficiaries**

Dealers who export products in interstate commerce

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$87,193,000	\$102,015,000

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# **Public Utilities and Carriers Tax Exemptions**

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# Public Utilities and Carriers Taxes Inspection and Supervision Fee

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## { Introduction }

The Inspection and Supervision Fee was first imposed by Act 108 passed during the Extraordinary Session of 1921. This act established that each common carrier and public utility doing business in Louisiana and subject to the control and jurisdiction of the Public Service Commission would pay an annual fee for the inspection, control, and supervision of the business, service, and rates of such common carrier and public utility. The fee was set on a graduated scale, with a minimum annual fee established of \$10 not to exceed a maximum of \$500, to be due at the end of December. Changes to the fee and rate schedules occurred in 1928, 1935, 1962, 1970, and again in 1972 when a minimum annual fee of \$35 was established and the maximum amount eliminated.

The year 1985 brought forth two pieces of legislation. Act 182 changed the due date from December 31 to April 1; while Act 561 implemented a supplemental fee of 20 percent of the inspection and supervision fee payment on each gas, electric, and telephone public utility. Act 700 of 1986 changed the reporting period from annually to quarterly, adjusted the rates, and established the minimum amount to be paid at not less than \$12.50 quarterly, \$50 annually. The rates were adjusted again in 2007 by Act 234, which also repealed the supplemental fee and increased the minimum fee to \$20 per quarter, \$80 annually.

As a result of Section 601 of the Federal Aviation Administration Act of 1994, Act 301 of 1995 was enacted removing certain motor carriers from the jurisdiction of the Louisiana Public Service Commission thus eliminating these carriers from the imposition of the Inspection and Supervision Fee.

### **Legal Citations**

R.S. 45:1177 through 45:1179

### **Tax Base**

Gross receipts from Louisiana intrastate business from each common and contract carrier and public utility.

### **Tax Rate**

- \$5.01 per \$1,000 for the first \$100,000 or less of such gross receipts;
- \$4.23 per \$1,000 of such gross receipts in excess of \$100,000 and not more than \$250,000;
- \$3.45 per \$1,000 of such gross receipts in excess of \$250,000 and not more than \$500,000;
- \$2.68 per \$1,000 of such gross receipts in excess of \$500,000 and not more than \$750,000;
- \$2.29 per \$1,000 of such gross receipts in excess of \$750,000 and not more than \$1,000,000;
- \$1.90 per \$1,000 of such gross receipts in excess of \$1,000,000 and not more than \$2,000,000;
- \$1.51 per \$1,000 of such gross receipts in excess of \$2,000,000 and not more than \$5,000,000;
- \$1.13 per \$1,000 of such gross receipts in excess of \$5,000,000 and not more than \$10,000,000;
- \$.97 per \$1,000 of such gross receipts in excess of \$10,000,000 and not more than \$25,000,000
- \$.82 per \$1,000 of such gross receipts in excess of \$25,000,000 and not more than \$100,000,000;
- \$.71 per \$1,000 of such gross receipts in excess of \$100,000,000.

In no case shall the fee be less than \$80 annually.

### **Types of Tax Exemptions**

For the purpose of the fee, the tax exemptions are in the form of exclusions. Exclusions are items specifically not included in the tax base.

### **Significant Changes**

#### **2017 Regular Legislative Session**

There were no significant changes to the Inspection and Supervision Fee during the past year.

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# Public Utilities and Carriers Taxes Transportation and Communication Utilities Tax

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## { Introduction }

A tax on transportation and communication utilities was first imposed by Act 13 of the 1934 Regular Legislative Session. The tax was levied on every person owning or operating any public utility in this state. Public utilities has been defined to include railroads and railways, sleeping cars, motor bus lines, motor freight lines, express companies, boat or packet lines, and pipe lines. The basic law has remained relatively unchanged over the years with the majority of changes occurring to the definitions of the various utilities and what constitutes gross receipts for the respective utilities.

Acts 1991, No. 388 repealed the transportation and communication tax as it applied to telephone companies and at the same time the telephone companies' services became subject to sales and use tax.

### **Legal Citations**

R.S. 47:1001 through 47:1010

### **Tax Base**

Gross receipts, as defined, from the utility's intrastate business.

### **Tax Rate**

Two percent of gross receipts as defined.

### **Types of Tax Exemptions**

The only tax exemption provided for is an exclusion. An exclusion is an item specifically not included in the tax base.

### **Significant Changes**

#### **2017 Regular Legislative Session**

There were no significant changes to the transportation and communication utilities tax laws during the past year.

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# Public Utilities and Carriers Taxes

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# Public Utilities and Carriers Taxes Inspection and Supervision Fee

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## { Exclusions-*Inspection and Supervision Fee* }

### 1. Ten-Mile Zone

Certain common carriers operating sightseeing passenger vehicles are allowed to exclude a ten-mile zone from the computation of their gross receipts. The common carrier must operate the vehicles under a municipal certificate of public convenience and necessity. The purpose of this exclusion is to shelter the ten-mile zone from taxation.

#### **Legal Citation**

R.S. 45:1177(A)(4)

#### **Origin**

Acts 1980, No. 626

#### **Effective Date**

September 12, 1980

#### **Beneficiaries**

Carriers conducting business operations as provided

#### **Estimated Fiscal Effect**

The Department is unable to estimate the fiscal effect, there are no reporting requirements for this data.

### 2. Power Cost

A deduction from gross receipts is allowed for the cost paid for the purchase of wholesale power for resale by electric cooperatives organized pursuant to R.S. 12:401 et seq. The purpose of this exclusion is to eliminate the double taxation of power; first when it is purchased for resale and second when it is sold.

#### **Legal Citation**

R.S. 45:1177(A)(5)

#### **Origin**

Acts 1990, No. 39

#### **Effective Date**

September 7, 1990

#### **Beneficiaries**

Electric cooperatives and their customers

#### **Estimated Fiscal Effect**

The Department is unable to estimate the fiscal effect, there are no reporting requirements for this data.

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# Public Utilities and Carriers Taxes

## Transportation and Communication Utilities Tax

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{ Exclusion-*Transportation and Communication Utilities Taxes* }

### 3. Seven-Mile Zone

Gross receipts from the transportation of passengers, freight, or property that originates and is delivered to points within the corporate limits of the same city or town or within a seven-mile zone adjacent to the city or town and within Jefferson or Orleans parishes and a seven-mile adjacent zone, are not subject to the excise tax. The purpose of this exclusion is to shelter the seven-mile zone from taxation.

#### Legal Citation

R.S. 47:1003(11)

#### Origin

Acts 1965, No. 34; amended by Acts 1991, No. 291; amended by Acts 2011, 1st Ex. Sess., No. 42

#### Effective Date

June 28, 1965

#### Beneficiaries

Public utilities that transport within the specified area

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,738,000	\$1,738,000

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# **Sales Tax Exemptions**

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# Sales Tax

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## { Introduction }

Louisiana sales tax was first imposed in 1936. The original sales tax was enacted as a two percent luxury sales tax. It was replaced by a one percent general sales tax that was in effect between 1938 and 1940. In 1942, a one percent war emergency tax was enacted and set to run for a two-year period. The first permanent sales tax was enacted in 1944 at a rate of one percent (R.S. 47:302); increased to two percent in 1948 (R.S. 47:302); increased to three percent in 1970 (R.S. 47:321); increased to four percent in 1984 (R.S. 47:331); and increased to a five percent rate in April 2016 (R.S. 47:321.1).

The general sales tax rate was four percent until June 30, 1988. In 1988, the legislature created the Louisiana Recovery District and authorized the District to issue bonds to be secured through the imposition of a sales tax. The one percent general sales tax imposed under R.S. 47:321 was repealed and was replaced by the one percent Recovery District tax. Due to bonding requirements, the taxes levied by the Recovery District are not affected by tax law changes subsequent to 1988. This combination of a three percent general sales tax, along with a one percent Recovery District tax remained in effect from July 1, 1988 to September 30, 1990.

In 1990, the legislature created the Louisiana Tourism Promotion District and granted it the authority to levy a tax. On October 1, 1990, the Tourism Promotion District levied a .03 percent sales tax and on the same date the general sales tax rate imposed under R.S. 47:331 was reduced to .97 percent totalling the same overall tax rate of one percent. The tax base is the same for the Tourism Promotion District and general sales tax. On September 30, 1996, the bonds of the Recovery District were retired and the Recovery District ceased to exist. The levy of the Recovery District was replaced with a one percent general sales tax levy under R.S. 47:321.

Effective April 1, 2016, Act 26 of the First Extraordinary Session temporarily increased the state sales tax rate from four percent to five percent through June 30, 2018. For the purposes of this report, the term general sales tax is used to reference the five percent tax imposed by both the state and the Tourism Promotion District.

Exclusions and exemptions from the sales tax have existed since the first tax levy and new exclusions and exemptions have been enacted over the years. The exemptions were effective against the total sales tax base until 1986. During the 1986 Regular Legislative Session, House Concurrent Resolution 55 was enacted, which suspended the sales tax exemptions imposed under R.S. 47:331 for the period of July 1, 1986 through June 30, 1987. As a result of the suspension, traditionally exempt items were subject to a one percent sales tax. The legislature continued the one percent suspension until July 31, 1989. Effective August 1, 1989, the suspension rate was changed to three percent through December 31, 1989; two percent from January 1, 1990 through July 9, 1990; and three percent from July 10, 1990 through June 30, 1997. From July 1, 1993 to September 30, 1996, exemptions from the one percent sales tax levied by the Louisiana Recovery District were also suspended, resulting in a four percent suspension rate.

In order to extend tax relief, the Louisiana Legislature began enacting exclusions from the tax under the definitions in R.S. 47:301, rather than the exemptions under R.S. 47:305. Some of the new exclusions replaced existing exemptions that were taxable under the suspension of exemptions. This action resulted in two statutes affecting the same subject. In 1998, duplicative exemptions were repealed leaving only the exclusion as the statutory authority.

From July 1, 1997 to June 30, 2000, the suspension rate was three percent. From July 1, 2000 to June 30, 2009 the suspension rate was four percent, except for sales of nonresidential electricity, water utility service, natural gas, and steam, which was subject to a suspended tax rate of 3.8 percent through December 31, 2005. For the period January 1, 2006, to June 30, 2008 sales for nonresidential purposes of natural gas for energy and electric power were subject to a suspended rate of 3.3 percent. Sales of steam and water for nonresidential use were taxed at the suspended rate of 3.8 percent. From July 1, 2008 to June 30, 2009 sales for nonresidential purposes of natural gas for energy and electric power were subject to a suspended rate of 2.3 percent. For the period July 1, 2008 through June 30, 2009, sales of steam and water for nonresidential use were taxed at the suspended rate of 2.8 percent.

In the 2009 Legislative Session, no legislation was proposed to continue the suspension of the sales tax exemptions. As a result, the exemptions found under R.S. 47:305 were now exempt from three of the four percent general sales tax. These unprotected exemptions remain subject to the permanent suspension of the one percent tax imposed under R.S. 47:321. Effective January 1, 2009, advance sales tax was repealed. As a result, all sales for resale became excluded from sales tax. Only the final sale to the consumer is now subject to the state sales tax.

Beginning April 1, 2016, Acts 25 and 26 of the First Extraordinary Session temporarily suspended most sales tax exemptions and exclusions. The partial suspension of these exemptions and exclusions will continue until June 30, 2018.

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# Sales Tax

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## { Introduction }

The sales tax currently collected by the Department of Revenue is as follows:

### Legal Citations

R.S. 47:301 - 47:333

R.S. 4:168

R.S. 4:227

R.S. 12:425

R.S. 22:2065

R.S. 33:4169

R.S. 38:2212.4

R.S. 39:467

R.S. 39:468

R.S. 40:582.1 - 40:582.7

R.S. 47:1121 - 1128.1

R.S. 47:1515.1

R.S. 47:6001

R.S. 51:1301

Art. VII Sec. 27 of Louisiana Constitution

Art. VII Sec. 2.2 of Louisiana Constitution

### Tax Base

The tax base consists of retail sales of tangible personal property, rental or lease of movable property, and sales of selected services. The tax base also includes use tax due on the cost of tangible personal property imported into this state or purchased within this state without the proper payment of sales tax.

Type	Rate	Source
General Sales Tax	2.00 %	R.S. 47:302
	1.00 %	R.S. 47:321
	1.00 %	R.S. 47:321.1
	.97 %	R.S. 47:331
Tourism Prom. Dist.	.03 %	R.S. 51:1286
Total	5.00 %	

### Types of Tax Exemptions

Louisiana sales tax exemptions are in the form of exclusions, exemptions, alternate reporting methods, credits, and refunds. Exclusions are items that have been excluded from the tax base by definition. Exemptions are items that were included in the tax base, but have been specifically exempted. Alternate reporting methods allow taxpayers to report and remit taxes in a manner different from the normally required procedure. Statutorily prescribed methods of taxation are items that have statutory methods to calculate the tax. Credits are situations when the taxpayer can deduct the credit amount from the tax due and pay only the net tax due. Refunds are the result of taxes paid initially, but for which the taxpayer may be reimbursed. All tax exemptions that are the result of Louisiana tax statutes are included in this report.

There are several statutory tax exemptions that are also prohibited from taxation by the state constitution, federal laws, or existing reciprocal agreements. Because of these additional prohibitions, repeal of the exemption alone would not yield the fiscal effect indicated. For this reason, these exemptions have been separately grouped at the end of the section.

### Fiscal Effect

The fiscal effect shown in this budget reflects all current statutory language and is not broken down by the various levies.

Legislation to continue the suspension of most of the state sales tax exemptions through June 30, 2009, was enacted during the



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# Sales Tax

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## { Introduction }

2004 First Extraordinary Session by Act 4. The full suspension expired on July 1, 2009 and as a result, the exemptions found under R.S. 47:305 continued to be exempt from three of the four percent general sales tax until March 31, 2016.

Act 25 of the 2016 First Extraordinary Legislative Session imposed the four percent state sales tax impositions on sales, purchases, use, leases or rental exemptions and exclusions not listed in the act for the period April 1, 2016 through June 30, 2016. Beginning July 1, 2016 through June 30, 2018, Act 25 will continue to impact sales tax exclusions and exemptions through the imposition of two percent state sales tax under R.S. 47:302. However, the manufacturing machinery and equipment exclusions (R.S. 47:301(3) (i) et. al.) and the business utilities exemptions (R.S. 47:305(D)(1) et. al.) are treated differently by Act 25.

In addition, Act 26 of the 2016 First Extraordinary Legislative Session imposed an additional state sales tax in the amount of one percent (1%). The new state sales tax is in addition to the sales taxes already levied pursuant to Louisiana R.S. 47:302, 321 and 331. Only those exclusions and exemptions listed in Act 26 are operable and in effect for the purpose of the imposition of the additional one percent sale tax. This additional state sales tax is in effect from April 1, 2016 until its expiration on June 30, 2018.

Prior to the April 2016 filing period, the majority of sales tax exemptions were reported in aggregate under the description "All other transactions subject to 1%" or the description "Other totally-exempt sales." Effective for the April 2016 filing period, the Form R-1029 was revised to include over 160 codes to specifically identify each exemption. This revision was made in response to legislative requests for more detailed information on amounts claimed for each sales tax exemption. While this information is available to be reported for FYE 6-17; there is a risk that taxpayers have erroneously classified exempt transactions. Consequently, classification errors for sales tax revenue losses may be undetected and amounts erroneously reported in the Tax Exemption Budget document.

### **Significant Changes 2017 Regular Legislative Session**

Act 209 adds "fixed fee and guaranteed maximum price construction contracts" to the existing sales tax exclusion for sales of materials or services involved in lump sum or unit price construction contracts. Act 209 is applicable to additional state sales and use tax enacted on or after July 1, 2017. *Effective June 14, 2017.*

Act 279 excludes from taxable services the sales and use taxes imposed by the state or a political subdivision upon the repair and fabrication including the surface preparation, coating, and painting of a fixed or rotary wing military aircraft or certified transport category aircraft. The aircraft are required to have a Federal Aviation Administration registration address outside of Louisiana. Beginning July 1, 2017, this sales tax exclusion is operative and in effect relative to the tax rates imposed under R.S. 47:302 and 321.1. *Effective July 1, 2017.*

Act 318 extends the sunset of the Tax Free Shopping Program through July 1, 2023. *Effective June 22, 2017.*

Act 333 creates the New Orleans Quality of Life Fund as a special fund in the state treasury and dedicates 3.97% of the state sales and use tax levied on hotel rooms in residential locations and collected in Orleans Parish into the fund. Act 333 dedicates the avails of the state sales and use tax imposed on the sale of services and collected on hotel rooms which, as defined in 47:301(6)(a) (ii), are "at a residential location, including but not limited to a house, apartment, condominium, camp, cabin, or other building structure used as a residence" in Orleans Parish, to the fund as follows:

- R.S. 47:302.56 dedicates the **2%** tax imposed by R.S. 47:302(C).
- R.S. 47:322.49 dedicates the **1%** tax imposed by R.S. 47:321(C), notwithstanding R.S. 47:322.38 into the Ernest N. Morial Convention Center Phase IV Expansion Project fund, New Orleans Sports Franchise Fund, and New Orleans Area Economic Development Fund.
- R.S. 47:332.55 dedicates the **.97%** tax imposed by R.S. 47:331(C), notwithstanding R.S. 47:332.10 into the New Orleans Convention and Visitors Bureau Fund.

*Effective July 1, 2017.*

Act 340 amends the definition of tangible personal property to exclude platinum, gold, and silver bullion that is valued solely upon its precious metal content, whether in coin or ingot form, numismatic coins having a sales price of less than \$1000, and numismatic coins sold at national, statewide, or multi-parish numismatic coin trade shows. Beginning October 1, 2017, the state sales tax exemption provided in R.S. 47:30(16)(b) for platinum, gold and silver bullion and numismatic coins is operative and in

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# Sales Tax

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## { Introduction }

effect relative to R.S. 47:302 and 321.1. *Effective June 22, 2017.*

Act 378 defines “commercial farmer” and creates a registration process for farmers seeking an exemption certificate to avail themselves of the sales tax exemption for seeds used in the planting of crops, pesticides used for agricultural purposes, diesel fuel, butane, propane, or other liquefied petroleum gases used for farm purposes, and commercial farm irrigation equipment. All existing exemption certificates issued to farmers will be honored until July 1, 2019. *Effective January 1, 2018.*

Act 395 restores the exemption for sales and purchases of orthotic devices, prosthetic devices, prostheses, restorative materials, and other dental devices as provided in R.S. 47:305(D)(1)(t) for state sales tax purposes relative to the tax rates imposed under R.S. 47:302 and 321.1. *Effective July 1, 2018.*

Act 424 excludes from the definition of “sale at retail”, the sale or purchase of any fuel or gas including butane or propane to a consumer for residential use by the consumer. Beginning October 1, 2017, polyroll tubing for commercial farm irrigation is added to the list in R.S. 47:305.25(A) as commercial farm equipment, which is exempt from state sales tax on the first \$50,000 of the sales price for each item of commercial farm equipment. Act 424 amends R.S. 47:305.64(A)(2)(b) to add the Willis-Knighton Health System in Shreveport, Louisiana to the definition of qualifying radiation therapy center. Beginning July 1, 2017 the state sales tax exemption in R.S. 47:305.64 is operative and in effect relative to the tax rates imposed under R.S. 47:302 and 321.1. *Effective June 26, 2017.*

Act 426 restores the state sales tax exemption for medical devices used by a patient under the supervision of a physician pursuant to R.S. 47:305(D)(1)(s). Beginning July 1, 2017, the state sales tax exemption for sales and purchases of medical devices used by patients under the supervision of a physician is operative and in effect relative to the tax rates imposed under R.S. 47:302 and 321.1. *Effective June 26, 2017.*

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# Sales Tax

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## { Exclusions }

### 1. Purchases by Pari-Mutuel Horse Racetracks

This exclusion allows racetracks licensed by the Racing Commission to make purchases of tangible personal property, services, and leases and rentals without the payment of sales or use tax. The state imposes certain license fees, commissions, and taxes on racetracks and horse racing. The purpose of this exclusion is to remove the liability for sales tax in lieu of the special taxes imposed on licensed racetracks.

#### Legal Citation

R.S. 4:168

#### Origin

Acts 1968, No. 554

#### Effective Date

July 19, 1968

#### Beneficiaries

Horse-racing tracks licensed by the Louisiana State Racing Commission

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$45,000	\$90,000

### 2. Purchases by Off-Track Wagering Facilities

This exclusion allows off-track wagering facilities licensed by the Racing Commission to make purchases of tangible personal property, services, leases, and rentals without the payment of sales or use tax. The state imposes certain license fees, commissions, and taxes on the racetracks and horse racing. The purpose of this exclusion is to remove the liability for sales tax in lieu of the special taxes imposed on the licensed off-track wagering facilities and to extend the exclusion enjoyed by pari-mutuel racetracks to these off-track wagering facilities.

#### Legal Citation

R.S. 4:227

#### Origin

Acts 1990, No. 1013

#### Effective Date

July 26, 1990

#### Beneficiaries

Off-track wagering facilities licensed by the Louisiana State Racing Commission

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

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# Sales Tax

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## { Exclusions }

### 3. Purchases by Louisiana Insurance Guaranty Association

This exclusion allows the tax-free purchase of tangible personal property and the tax-free lease/rental of tangible personal property by the Louisiana Insurance Guaranty Association. The purpose of this exemption is to provide relief from the payment of state sales tax to the Louisiana Insurance Guaranty Association.

#### Legal Citation

R.S. 22:2065

#### Origin

Acts 1970, No. 81, §1; Redesignated from R.S. 22:1389 by Acts 2008, No. 415, §1

#### Effective Date

September 1, 1970

#### Beneficiaries

Louisiana Insurance Guaranty Association

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### 4. Purchases, Services and Rentals by a Private Company Working for Local Authority on Construction or Operation of Sewerage or Wastewater Treatment Facilities

The provision allows a private company with a contract to construct or operate a sewerage or wastewater treatment facility for a local governmental authority to be entitled to the same exclusions and exemptions as the governmental authority. The governmental entity has an exclusion for the purchase of tangible personal property and services and the rental/lease of tangible personal property under R.S. 47:301(8)(c). The purpose of this exclusion is to provide financial assistance to local governments through lower contract cost.

#### Legal Citation

R.S. 33:4169(D)

#### Origin

Acts 1982, No. 795

#### Effective Date

September 10, 1982

#### Related Exclusion

R.S. 47:301(8)(c)

#### Beneficiaries

Private companies and local governments

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$151,000	\$302,000

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# Sales Tax

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## { Exclusions }

### 5. Isolated or Occasional Sales of Tangible Personal Property

This exclusion allows isolated or occasional sales, other than motor vehicles, that are not sold as a part of regular business activity to be sold tax free. This exclusion can be claimed by both businesses and individuals. The purpose of this exclusion is to allow tax-free sales between individuals who are not in the retail business and by businesses for sales outside their normal course of business.

#### Legal Citations

R.S. 47:301(1), R.S. 47:301(10)(c)(ii)(bb)

#### Origin

Acts 1948, No. 9

#### Effective Date

June 7, 1948

#### Beneficiaries

Individuals not in the business of selling and businesses that sell items outside of their normal business activities

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 - 6/30/18. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$175,000	\$140,000

### 6. Installation Charges on Tangible Personal Property

This exclusion allows separately stated installation charges associated with the sale of tangible personal property to be tax free. The purpose of this exclusion is to eliminate the tax on installation charges.

#### Legal Citation

R.S. 47:301(3)(a)

#### Origin

Acts 1948, No. 9

#### Effective Date

June 7, 1948

#### Beneficiaries

Individuals and businesses who purchase items for which an installation charge is made

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$27,008,000	\$21,606,000

# Sales Tax

## { Exclusions }

### 7. Separately Stated Labor Charges on Property Repaired Out-Of-State

This exclusion allows labor charges that are separately stated on invoices of repairs performed outside of Louisiana to be excluded from the cost price basis subject to sales tax. Only the cost price of any parts and/or materials used in the performance of the repair will be subject to sales tax. However, if the labor charges are not separately stated on the invoice, the entire charge for the out-of-state repair becomes subject to state sales tax. The purpose of this exclusion is to reduce the amount of out-of-state repair labor costs subject to state sales tax.

**Legal Citation**

R.S. 47:301(3)(b)

**Origin**

Acts 1977, 1st Ex. Session, No. 17

**Effective Date**

July 1, 1978

**Beneficiaries**

Individuals and businesses who have property repaired out of state

**Estimated Fiscal Effect**

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$42,000	\$84,000

### 8. Installation of Board Roads to Oilfield Operators

This exclusion allows installers of board roads, when dealing with oilfield operators, to separately itemize the installation charges associated with the board road and to exclude these charges from sales tax. The purpose of this exclusion is to eliminate the sales tax imposed on installation charges paid by oilfield contractors.

**Legal Citation**

R.S. 47:301(3)(c)

**Origin**

Acts 1983, No. 446

**Effective Date**

July 3, 1983

**Beneficiaries**

Oilfield contractors

**Estimated Fiscal Effect**

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$45,000	\$36,000

# Sales Tax

## { Exclusions }

### 9. Manufacturer's Rebates on New Motor Vehicles

This exclusion allows the taxable amount of a new vehicle to be reduced by the amount of a manufacturer's rebate allocated directly to the consumer. The purpose of this exclusion is to relieve the new-car buyer of the tax on the rebate, which represents reductions in the sales price.

#### Legal Citations

R.S. 47:301(3)(e), R.S. 47:301(13)(b)

#### Origin

Acts 1991, No. 350

#### Effective Date

September 6, 1991

#### Beneficiaries

The general public purchasing new motor vehicles where manufacturers' discounts or rebates are transferred directly to the consumer

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 3% of the 5% state sales tax and is subject to a 2% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$12,971,000	\$17,295,000

### 10. Manufacturer's Rebates Paid Directly to a Dealer

This exclusion allows any payments made directly between the manufacturer and a third-party dealer (not the manufacturer's customer) for the manufacturer's product for the specific purpose of reducing the sales price and which actually reduces the price as stated to the consumer for the tangible personal property to be free of sales tax. The actual sales price to be paid directly by the consumer will be subject to sales tax. Manufacturer's coupons used by the consumer as part payment of the "sales price" at the time of purchase and redeemed by the dealer will remain taxable. This exclusion excludes this payment from the definition of "cost price" and "sales price." The purpose of this exclusion is to clearly identify the taxable sales price being paid for tangible personal property by the consumer at the time the property is purchased.

#### Legal Citations

R.S. 47:301(3)(g), R.S. 47:301(13)(e)

#### Origin

Acts 1996, No. 33

#### Effective Date

July 2, 1996

#### Beneficiaries

Dealers in cigarettes and their consumers of cigarettes

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$39,000	\$78,000

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# Sales Tax

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## { Exclusions }

### 11. Purchases of Manufacturing Machinery and Equipment

This exclusion allows manufacturing machinery and equipment to be purchased free from the state sales, use, lease, and rental tax by eligible manufacturers. The term “manufacturer” is defined as a person whose principal activity is manufacturing, and who is assigned by the Louisiana Workforce Commission a North American Industry Classification code within the agricultural, forestry, fishing, and hunting Sector 11 or manufacturing Sectors 31-33, as they existed in 2002. Acts 2005, No. 471 expanded the definition of manufacturer to include those who would be assigned a NAICS code within Sector 11 or 31-33 but are not required to register with the Louisiana Workforce Commission for unemployment insurance and therefore do not receive such assignment. This same act also enacted a provision that allows machinery and equipment used by an industrial manufacturing plant to generate electric power for self consumption or cogeneration to be included in the definition of “machinery and equipment” for purposes of the sales tax exclusions for manufacturing and agricultural machinery and equipment. To qualify for the exclusion, the machinery and equipment must be used by the manufacturer in a plant facility and be used predominantly and directly in the actual manufacturing process. Acts 2007, No. 429 further expanded the definition of manufacturer to include certain recyclable material merchant wholesalers.

#### Legal Citation

R.S. 47:301(3)(i), (13)(k) and (28)(a)

#### Origin

Acts 2004, 1<sup>st</sup> Ex. Sess., No. 1

Amended by Acts 2005, No. 471; Acts 2007, No. 429

#### Effective Date

July 1, 2004

### 11. Purchases of Manufacturing Machinery and Equipment (*continued*)

#### Beneficiaries

Manufacturers that have a NAICS Sector code of 31-33 or Sector 11 and certain recyclable material merchant wholesalers

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 2% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$112,824,000	\$115,080,000



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# Sales Tax

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## { Exclusions }

### 12. Purchases of Certain Machinery and Equipment Used to Produce a News Publication

This exclusion, phased in over seven years, allows certain machinery and equipment used primarily to produce a news publication to be purchased free from state sales, use and lease tax. Effective July 1, 2007, 54 percent of the price of eligible machinery and equipment was excluded from the state sales tax, increasing to 68 percent effective July 1, 2008, then 100 percent effective July 1, 2009.

#### Legal Citation

R.S. 47:301(3)(i)(ii)(aa)(I)(ccc), R.S. 47:301(3)(i)(ii)(bb)(III)

#### Origin

Acts 2007, No. 339

#### Effective Date

July 1, 2007

#### Beneficiaries

Producers of news publications

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 2% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. See number 11, sales tax section.

### 13. Purchases of Electric Power and Natural Gas by Paper or Wood Products Manufacturing Facilities

This provision originally provided a state sales tax exclusion for purchases of electric power by paper or wood products manufacturing facilities for the period July 1, 2006 through December 31, 2008 and allowed these facilities to pay 3.3 percent tax on natural gas purchased for energy purposes only up to the purchase price of \$6.20 per MMBtu and fully excluded any amounts in excess of the \$6.20 per MMBtu price.

Acts 2007, No. 471 amends R.S. 47:301(3)(j) and 13(m) and repeals R.S. 47:302(T), 321(J) and 331(R) to provide a full state sales tax exclusion for purchases of electric power and natural gas by paper or wood products manufacturing facilities effective July 1, 2007.

#### Legal Citation

R.S. 47:301(3)(j) and 13(m)

#### Origin

Acts 2005, 1st Ex. Sess., No. 48, amended by Acts 2007, No. 471

#### Effective Date

July 1, 2006

#### Beneficiaries

Paper or wood products manufacturers

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,093,000	\$4,186,000

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# Sales Tax

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## { Exclusions }

### 14. Purchases of Consumables by Paper and Wood Manufacturers and Loggers

This provision creates an exclusion for tangible personal property consumed in the manufacturing process such as fuses, belts, wires, conveyer belts, lubricants, and motor oils and repairs and maintenance of manufacturing machinery and equipment. The exemption is available to manufacturers with an industry group designation of 3211 through 3222 or 11310 pursuant to the North American Industry Classification Code of 2007.

#### Legal Citation

R.S. 47:301(3)(k)

#### Origin

Acts 2009, No. 466

#### Effective Date

August 15, 2009

#### Beneficiaries

Paper and wood manufacturers and loggers

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$346,000	\$692,000

### 15. Room Rentals at Camp and Retreat Facilities

This provision excludes from sales tax certain room rentals at camp and retreat facilities owned and operated by nonprofit organizations exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Internal Revenue Code. The qualifying room rentals must be associated with the attendance of a function devoted to the nonprofit organization's purposes. Room rentals to persons merely purchasing lodging at the facility do not qualify for the exclusion.

Qualifying nonprofit organizations have a similar exclusion for places of amusement under R.S. 47:301(14)(b)(iv).

#### Legal Citation

R.S. 47:301(6)(b)

#### Origin

Acts 1998, No. 40, amended by Acts 2005, No. 377

#### Effective Date

August 15, 1998

#### Related Exclusion

R.S. 47:301(14)(b)(iv)

#### Beneficiaries

Qualifying camp and retreat facilities

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$30,000	\$24,000

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# Sales Tax

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## { Exclusions }

### 16. Room Rentals at Certain Homeless Shelters

This provision removes certain homeless shelters from the definition of hotel, thereby creating an exclusion from state and local sales tax on lodging charges at these facilities. Qualifying facilities must be operated by a nonprofit organization exempt under Section 501(c)(3) of the Internal Revenue Code and devoted exclusively to temporary housing of homeless transient persons, for periods no longer than 30 days duration. Lodging charges can be no greater than \$20.00 per day.

#### Legal Citation

R.S. 47:301(6)(c)

#### Origin

Acts 2009, No. 456

#### Effective Date

July 1, 2009

#### Beneficiaries

Individual taxpayers who are homeless and transient

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exemption is \$0.

### 17. Rentals or Leases of Certain Oilfield Property to be Re-leased or Re-rented

This exclusion allows oilfield equipment rental dealers to rent/lease certain oilfield equipment from other dealers for re-rent or re-lease, without paying a tax on the rental for re-rent or lease for re-lease. The tax is collected on the rental to the final consumer. The purpose of this exclusion is to relieve dealers from having to maintain a large inventory of rental equipment.

#### Legal Citation

R.S. 47:301(7)(b)

#### Origin

Acts 1966, No. 124

#### Effective Date

July 27, 1966

#### Beneficiaries

Oilfield equipment rental dealers

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$195,000	\$390,000

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# Sales Tax

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## { Exclusions }

### 18. Certain Transactions Involving the Construction or Overhaul of U.S. Navy Vessels

This exclusion allows all rentals, leases, and sales of services involved in the construction or overhaul of U.S. Navy vessels to be free of sales tax and applies to contractors involved with the construction or overhaul of the vessel. The purpose of this exclusion is to make Louisiana shipyards competitive with other states.

#### Legal Citations

R.S. 47:301(7)(c), R.S. 301(14)(h)

#### Origin

Acts 1989, No. 833

#### Effective Date

September 3, 1989

#### Beneficiaries

Shipyards and providers of repair services to U.S. Navy vessels

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$57,000	\$46,000

### 19. Rental or Purchase of Airplanes or Airplane Equipment and Parts by Louisiana Domiciled Commuter Airlines

This exclusion allows Louisiana domiciled commuter airlines to rent, lease, or purchase airplanes or airplane equipment free of general sales tax. The purpose of this exclusion is to remove the tax due on Louisiana domiciled commuter airlines.

#### Legal Citations

R.S. 47:301(7)(d), R.S. 47:301(10)(k)

#### Origin

Acts 1991, No. 772

#### Effective Date

July 1, 1991

#### Beneficiaries

Louisiana-based commuter airline

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. The Department is not aware of any taxpayers eligible for this exclusion. Data indicates this exclusion was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exclusion is \$0.

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# Sales Tax

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## { Exclusions }

### 20. Purchases, Leases, and Sales of Services by Free Hospitals

This exclusion allows hospitals that provide free care to all patients to purchase, lease, or rent tangible personal property, or receive sales of services without paying sales tax. The purpose of this exclusion is to provide financial relief to hospitals providing free services.

#### Legal Citations

R.S. 47:301(7)(e), R.S. 47:301(10)(p), R.S. 47:301(18)(c)

#### Origin

Acts 1994, No. 6, amended by Acts 1996, No. 43

#### Effective Date

July 1, 1994

#### Beneficiaries

Hospitals that provide free care to all patients

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$3,116,000	\$2,493,000

### 21. Certain Educational Materials and Equipment Used for Classroom Instruction

This exclusion allows approved parochial and private elementary and secondary schools that comply with the court order from the Dodd Brumfield decision and Section 501(c)(3) of the Internal Revenue Code to rent, lease, or purchase specific materials and equipment for classroom instruction free of sales tax. The materials and equipment are limited to books, workbooks, computers, computer software, films, videos, and audio tapes. These items must be used for classroom instruction only. This statute also excludes the sales of tangible personal property by the approved school from the sales tax, when the proceeds of such sales are used solely and exclusively to support the school. This exclusion for sales does not allow tax-free sales to students or their families by promoters or regular dealers through the use of the school name or facilities. The purpose of this exclusion is to allow financial relief to qualifying schools for classroom materials and equipment and to assist in fundraising.

#### Legal Citations

R.S. 47:301(7)(f), R.S. 47:301(10)(q), R.S. 47:301(18)(e)

#### Origin

Acts 1996, No. 15; Amended by Acts 1998, No. 47; Acts 2000, No.33; Acts 2003, No.141; Acts 2005, No. 357; Acts 2009, No. 206

#### Effective Date

July 1, 1997

#### Beneficiaries

Qualifying parochial and private elementary and secondary schools

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$833,000	\$666,000

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# Sales Tax

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## { Exclusions }

### 22. Sales and Rentals to Boys State of Louisiana, Inc. and Girls State of Louisiana, Inc.

This exclusion allows Boys State of Louisiana, Inc., and Girls State of Louisiana, Inc., to purchase, lease, or rent tangible personal property without the payment of sales tax when the property is used by their educational and public service programs for youth. The purpose of this exclusion is to provide financial relief to these two organizations.

#### Legal Citations

R.S. 47:301(7)(g), R.S. 47:301(10)(r), R.S. 47:301(18)(f)

#### Origin

Acts 1996, No. 20

#### Effective Date

July 1, 1996

#### Beneficiaries

Boys State of Louisiana, Inc. and Girls State of Louisiana, Inc.

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### 23. Vehicle Rentals for Re-Rent to Warranty Customers

This provision allows licensed motor vehicle dealers to lease or rent motor vehicles without the payment of the tax when the vehicles will be provided at no charge to their customers under the terms of the warranty agreement associated with the purchase of a motor vehicle. The provision also extends to work associated with an applicable warranty that has lapsed and the rental is provided at no charge. The purpose of this exclusion is to provide financial assistance to motor vehicle dealers.

#### Legal Citation

R.S. 47:301(7)(h)

#### Origin

Acts 1998, No. 49

#### Effective Date

August 1, 1998

#### Beneficiaries

Motor vehicle dealers

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$145,000	\$116,000

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# Sales Tax

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## { Exclusions }

### 24. Property Used in the Manufacture, Production, or Extraction of Unblended Diesel

This provision excludes from the definitions of the terms “lease or rental,” “sale at retail,” and “use” manufacturing machinery and equipment that is used to manufacture, produce, or extract unblended biodiesel. “Unblended biodiesel” means a fuel comprised of mono-alkylesters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, and meeting the requirements of the definition provided for in D 6751 of the American Society of Testing and Materials, before such fuel is blended with a petroleum-based diesel fuel.

#### Legal Citation

R.S. 47:301(7)(j), R.S. 47:301(10)(y), R.S. 47:301(18)(k)

#### Origin

Acts 2005, No. 345; amended by Acts 2011, No. 374

#### Effective Date

July 1, 2005

#### Beneficiaries

Taxpayers that manufacture, produce or extract unblended biodiesel

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$13,000	\$26,000

### 25. Leases or Rentals of Pallets Used in Packaging Products Produced by a Manufacturer

This exclusion allows a manufacturer who is assigned by the Louisiana Workforce Commission, a North American Industrial Classification System Code within the manufacturing sectors 31-33 as they existed in 2002 to lease or rent pallets used to package products produced by the manufacturer without the payment of sales or use taxes.

#### Legal Citation

R.S. 47:301(7)(l)

#### Origin

Acts 2007, No. 419

#### Effective Date

July 1, 2008

#### Beneficiaries

Manufacturers who are assigned by the Louisiana Workforce Commission, a North American Industrial Classification System Code within the manufacturing sectors 31-33 as they existed in 2002

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/2/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.



# Sales Tax

## { Exclusions }

### 26. Purchases by Regionally Accredited Independent Educational Institutions

This exclusion allows qualifying educational institutions to purchase, lease, or rent tangible personal property or receive services without the payment of general sales tax. The exclusion does not extend to sales made by the institutions. The purpose of this exclusion is to provide financial assistance to qualifying institutions.

#### Legal Citation

R.S. 47:301(8)(b)

#### Origin

Acts 1990, No. 1064

#### Effective Date

July 1, 1990

#### Beneficiaries

Independent educational institutions

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 3% of the 5% state sales tax and is subject to a 2% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$809,000	\$1,079,000

### 27. Purchases by State and Local Governments

This exclusion allows all boards, agencies, or commissions of the state of Louisiana or any local authority within Louisiana to purchase, lease, or rent tangible personal property, or receive services without being subject to general sales tax by excluding Louisiana state and local governments from the definition of person. The purpose of this exclusion is to remove governmental authorities from taxation.

#### Legal Citation

R.S. 47:301(8)(c)

#### Origin

Acts 1991, No. 1029; Amended by Acts 2007, No. 162

#### Effective Date

September 1, 1991

#### Beneficiaries

All Louisiana state and local governmental authorities

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$381,083,000	\$304,866,000

*Note:* This amount includes the total revenue loss for purchases by state and local government and sales to the U.S. Government. (See number 37, sales tax section).



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# Sales Tax

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## { Exclusions }

### 28. Purchases of Certain Bibles, Songbooks or Literature by Certain Religious Institutions for Instructional Purposes

This exclusion removes “churches” and “synagogues” granted exemption by the United States Internal Revenue Service under Section 501(c)(3) of the United States Internal Revenue Code from the definition of “dealer” when they purchase bibles, songbooks, or literature used for religious instruction classes. The purpose of this exclusion is to allow financial relief to qualifying churches and synagogues.

#### Legal Citation

R.S. 47:301(8)(d)

#### Origin

Acts 1996, No. 28

#### Effective Date

July 1, 1996

#### Beneficiaries

Qualifying churches and synagogues

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. This statute is taxable at the 5% state sales tax rate. Beginning July 1, 2018, this statute will be continue to be subject to the 4% state sales tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Prohibited	Prohibited

### 29. Purchases by the Society of the Little Sisters of the Poor

This provision excludes the Society of the Little Sisters of the Poor from the definition of “person.” This allows the Society to purchase tangible personal property and services and lease or rent tangible personal property without paying general sales tax. This exclusion is limited to the Society as a whole and does not extend to individual members. This exclusion does not apply to sales made by the Society. The purpose of this exclusion is to provide financial assistance to the Society of the Little Sisters of the Poor.

#### Legal Citation

R.S. 47:301(8)(e)

#### Origin

Acts 1998, No. 40

#### Effective Date

August 15, 1998

#### Beneficiaries

Society of the Little Sisters of the Poor

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. This statute remains taxable at the 5% state sales tax rate. Beginning July 1, 2018, this statute will be continue to be subject to the 4% state sales tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Prohibited	Prohibited

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# Sales Tax

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## { Exclusions }

### 30. Purchases by Nonprofit Entities that Sell Donated Goods

This provision allows an exclusion from sales and use taxes for purchases by nonprofit entities that sell donated goods and spend 75 percent or more of revenues on directly employing or training persons with disabilities or workplace disadvantages. Nonprofit entities must apply for an exclusion certificate annually with each exclusion certificate effective for a one-year period.

#### Legal Citation

R.S. 47:301(8)(f)

#### Origin

Acts 2005, No. 393

#### Effective Date

July 1, 2005

#### Beneficiaries

Qualifying nonprofit entities

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,177,000	\$942,000

### 31. Purchases of Automobiles for Lease or Rental

This exclusion allows rental companies to purchase automobiles without paying the general sales tax if the property is to be used solely as rental property. The purpose of this exclusion is to give automobile dealers financial relief and to make them more competitive with dealers in neighboring states that exempt the same transactions.

#### Legal Citation

R.S. 47:301(10)(a)(i), R.S. 47:305.36

#### Origin

Acts 1990, No. 140 and No. 1030

#### Effective Date

July 1, 1990

#### Duplicate Provision

R.S. 47:305.36 (limited to motor vehicles, trailers, and semi-trailers)

#### Beneficiaries

Louisiana rental dealers

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$74,323,000	\$59,458,000

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# Sales Tax

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## { Exclusions }

### 32. Purchases of Tangible Personal Property for Lease or Rental

This exclusion allows rental companies to purchase tangible personal property without paying the general sales tax if the property is to be used solely as rental property. The exclusion's effective dates varies based on the type of property being purchased. The purpose of this exclusion is to give dealers financial relief and to make them more competitive with dealers in neighboring states that exempt the same transactions.

#### Legal Citations

R.S. 47:301(10)(a)(iii), R.S. 47:301(18)(a)(iii)

#### Origin

Acts 1990, No. 140 and No. 1030

#### Effective Date

July 1, 1990

#### Duplicate Provision

R.S. 47:305.36 (limited to motor vehicles, trailers, and semi-trailers)

#### Beneficiaries

Louisiana rental dealers

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 3% of the 5% state sales tax and is subject to a 2% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$7,922,000	\$10,563,000

### 33. Natural Gas Used in the Production of Iron

This exclusion allows purchases of natural gas to be free of sales tax when the natural gas is used to manufacture iron using the "direct reduced iron process." The exclusion considers the natural gas to be a material for further processing into an article of tangible personal property. The purpose of this exclusion is to provide a company or an industry an incentive to locate in Louisiana.

#### Legal Citation

R.S. 47:301(10)(c)(i)(bb)

#### Origin

Acts 1995, No. 284

#### Effective Date

July 1, 1995

#### Beneficiaries

Iron manufacturers using the "direct reduced iron process"

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exemption is \$0.

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# Sales Tax

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## { Exclusions }

### 34. Electricity for Chlor-Alkali Manufacturing Process

This exclusion allows tax-free purchases of electricity when the electricity is used in the chlor-alkali manufacturing process. The chlor-alkali manufacturers are responsible for reporting the amount of electricity used to the utility company. The purpose of this exclusion is to remove chlor-alkali manufacturers from taxation on their purchases of electricity.

#### Legal Citation

R.S. 47:301(10)(c)(ii)(aa)

#### Origin

Acts 1987, No. 199

#### Effective Date

July 1, 1987

#### Beneficiaries

Chlor-alkali manufacturers

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$4,890,000	\$9,780,000

### 35. Sales of Human-Tissue Transplants

This exclusion allows the tax-free sale of human tissue that is to be transplanted from one individual into another recipient individual. Human-tissue transplants are defined to include all human organs, bones, skin, cornea, blood, or blood products. The purpose of this exclusion is to allow human tissue used in transplants to be excluded from sales tax.

#### Legal Citation

R.S. 47:301(10)(d)

#### Origin

Acts 1987, No. 435

#### Effective Date

July 9, 1987

#### Beneficiaries

Transplant recipients

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,569,000	\$2,055,000

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# Sales Tax

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## { Exclusions }

### 36. Sales of Raw Agricultural Commodities

This exclusion allows the sale of raw agricultural products sold for further production of crops or animals for market to be free of general sales tax. This exclusion includes feed, seed, and fertilizer. Raw agricultural products are exempt as a resale item under R.S. 47:301(10)(e). The sales tax is collected on the sale of the finished product. The purpose of this exclusion is to clarify that raw agricultural commodities are not subject to sales tax. Effective January 1, 2018, raw agricultural commodities as provided in R.S. 47:301(10)(e) are excluded from sales tax when sold to a commercial farmer as defined in R.S. 47:301(30).

#### Legal Citation

R.S. 47:301(10)(e), R.S. 47:305(A)(4)(b)(i) and (iii)

#### Origin

Acts 1988, No. 307

#### Effective Date

July 7, 1988

#### Duplicate Provision

R.S. 47:305(A)(3)

#### Beneficiaries

Producers of crops and livestock

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

### 37. Sales to the United States Government and its Agencies

This exclusion allows sales made directly to the government of the United States or its agencies to be excluded from tax. The Constitution of the United States forbids the same taxation. This exclusion also applies to those companies with an agency status, where title to the tangible personal property purchased transfers immediately to the government. The purpose of this exclusion is to meet the requirements of the Constitution of the United States.

#### Legal Citation

R.S. 47:301(10)(g)

#### Origin

Acts 1989, No. 833

#### Effective Date

September 3, 1989

#### Beneficiaries

United States government and its agencies

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. See number 27, sales tax section.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$17,504,000	\$14,003,000

# Sales Tax

## { Exclusions }

### 38. Sales of Food Items by Youth Organizations

This exclusion allows youth organizations chartered by Congress, such as the Boy Scouts and Girl Scouts, to sell food free of sales tax. The purpose of this exclusion was to remove these sales from taxation.

#### Legal Citation

R.S. 47:301(10)(h)

#### Origin

Acts 1989 2<sup>nd</sup> Ex. Sess., No. 10

#### Effective Date

September 8, 1989

#### Duplicate Provision

R.S. 47:305.14

#### Beneficiaries

Qualifying youth groups

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$194,000	\$155,000

### 39. Purchases of School Buses by Independent Operators

This exclusion allows independent school bus operators to purchase school buses that are either new or less than five years old, if the buses are used exclusively in the public school system, free of general sales tax. The purpose of this exclusion is to give relief to the independent operators who must purchase their own school buses.

#### Legal Citation

R.S. 47:301(10)(i)

#### Origin

Acts 1990, No. 724

#### Effective Date

July 1, 1990

#### Beneficiaries

Independent operators who purchase their own school buses

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$868,000	\$1,736,000

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# Sales Tax

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## { Exclusions }

### 40. Tangible Personal Property Sold or Donated to Food Banks

This exclusion allows food banks, as defined under R.S. 9:2799, to purchase any tangible personal property, including food, free of sales tax. The purpose of this exclusion is to give qualifying food banks greater purchasing power.

#### Legal Citation

R.S. 47:301(10)(j), R.S. 47:301(18)(a)(i)

#### Origin

Acts 1990, No. 817; Amended by Acts 1992, No. 514

#### Effective Date

September 7, 1990

#### Beneficiaries

Qualifying food banks

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### 41. Pollution Control Devices and Systems

This exclusion allows industry to purchase pollution-control equipment free of general sales tax. The purpose of this exclusion is to encourage companies to purchase and install necessary equipment to cut industrial air, noise, groundwater, and other pollution. Taxpayers seeking relief under this Act must apply for a certificate of tax exclusion and/or refund of taxes paid on approved pollution control equipment.

#### Legal Citation

R.S. 47:301(10)(l)

#### Origin

Acts 1991, No. 1019

#### Effective Date

September 6, 1991

#### Beneficiaries

Industrial facilities that purchase pollution-control equipment

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. The Department is unable to estimate the future fiscal effect of this exclusion because the Department does not have data on approved or pending applications.

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# Sales Tax

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## { Exclusions }

### 42. Certain Aircraft Assembled in Louisiana

This exclusion allows aircraft manufactured or assembled in Louisiana meeting certain criteria to be sold free of general sales tax. For sales prior to June 19, 2015, the exemption applied to aircraft with a capacity in excess of fifty persons. For sales on or after June 19, 2015, the exemption applies to aircraft with a maximum capacity of eight persons. The purpose of this exclusion is to encourage aircraft companies to locate an assembly plant or manufacturing facility within this state.

#### Legal Citation

R.S. 47:301(10)(m)

#### Origin

Acts 1992, No. 226, amended by Acts 2015, No. 116

#### Effective Date

August 21, 1992

#### Beneficiaries

Aircraft manufacturing companies located in Louisiana

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exclusion was not reported by taxpayers on the sales tax return. The Department is not aware of any taxpayers eligible for this exclusion. The estimated fiscal effect of this exclusion is \$0.

### 43. Pelletized Paper Waste Used in a Permitted Boiler

This exclusion allows purchases of pelletized paper waste for the exclusive use as combustible fuel by an electric utility or in an industrial manufacturing, processing, compounding, reuse, or production process, including the generation of electricity or process steam to be made free of the general sales tax. The purpose of this exclusion is to encourage the use of pelletized paper waste in boilers.

#### Legal Citation

R.S. 47:301(10)(n)

#### Origin

Acts 1992, No. 926

#### Effective Date

July 1, 1993

#### Beneficiaries

Industries that convert boiler equipment to use pelletized paper waste as fuel

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exemption is \$0.



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# Sales Tax

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## { Exclusions }

### 44. Purchases of Equipment by Bona Fide Volunteer and Public Fire Departments

This exclusion allows bona fide volunteer and public fire departments to purchase equipment used in fire fighting without the payment of general sales tax. Public fire departments are currently excluded from taxation under the governmental exclusion on all purchases, including non fire-fighting equipment. In addition, many fire departments named “volunteer” are actually fire protection districts and excluded from taxation under the governmental exclusions.

#### Legal Citation

R.S. 47:301(10)(o)

#### Origin

Acts 1992, No. 926; amended by Acts 1998, No. 37

#### Effective Date

July 1, 1992

#### Beneficiaries

Bona fide volunteer and public fire departments

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$349,000	\$279,000

### 45. Sales of Telephone Directories by Advertising Companies

This exclusion allows advertising companies that are not affiliated with telephone service providers to transfer title or possession of telephone directories free from the state sales or use tax if the telephone directories will be distributed free of charge to the recipients.

#### Legal Citation

R.S. 47:301(10)(ε), R.S. 47:301(18)(h)

#### Origin

Acts 2002, No. 58

#### Effective Date

June 25, 2002

#### Beneficiaries

Advertising companies distributing telephone directories

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

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# Sales Tax

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## { Exclusions }

### 46. Sales of Cellular Telephones and Electronic Accessories

This exclusion from state and local sales and use tax applies to the withdrawal, use, distribution, consumption, storage, donation, or disposition of cellular, PCS, or wireless telephones when provided in conjunction with the sale of a cellular service contract. The term “sales price” means and includes the greater of the amount of money actually received by the dealer from the purchaser for each such telephone, or 25 percent of the cost of the telephone to the dealer, but does not include any amount received by the dealer from the purchaser for providing mobile telecommunications services or any commissions, fees, rebates, or other amounts received by the dealer from any source other than the purchaser as a result of or in connection with the sale of the telephone.

#### Legal Citation

R.S. 47:301(10)(v), R.S. 47:301(13)(g) and (h), R.S. 47:301(18)(i)

#### Origin

Acts 2002, No. 85; Amended by Acts 2007, No. 358

#### Effective Date

June 28, 2002

#### Beneficiaries

Cellular, PCS, or wireless telephone service providers

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to the 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute continues to be taxed at the 5% state sales tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will continue to be subject to the 4% state sales tax rate. The Louisiana Department of Revenue has no data on this exclusion and is unable to determine its estimated fiscal effect.

### 47. Purchases of any Fuel or Gas for Residential Use and Purchases of Butane and Propane by any Person

This exclusion allows the tax-free purchase of any fuel or gas, including butane and propane, by the consumer for residential use. The purpose of this exclusion is to provide financial assistance to consumers.

#### Legal Citation

R.S. 47:301(10)(x)

#### Origin

Acts 2004, 1<sup>st</sup> Extraordinary Session, No. 8; Amended by Acts 2017, No. 424

#### Effective Date

July 1, 2004

#### Beneficiaries

Residential consumers

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$43,000	\$86,000

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# Sales Tax

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## { Exclusions }

### 48. Alternate Substance Used as a Fuel

This provision allows sales tax exclusions from the definitions of “sale at retail” and “use” for alternative substances used as fuels by certain manufacturers. Alternative substances are defined as any substance other than oil and natural gas and any product of oil or natural gas, specifically including petroleum coke, landfill gas, reclaimed or waste oil, unblended biodiesel, and tire-derived fuel, and specifically excluding coal, lignite, refinery gas, nuclear fuel, and electricity. Manufacturers who are eligible to claim these exclusions are those who are assigned by the Louisiana Workforce Commission codes within the North American Industrial Classification System (NAICS) in the agricultural, forestry, fishing, or hunting sector 11 or manufacturing sectors 31 to 33, as they existed in 2002.

#### Legal Citation

R.S. 47:301(10)(z), R.S. 47:301(18)(l), Repealed by Acts 2016, 1st Ex. Session, No. 26

#### Origin

Acts 2005, No. 345

#### Effective Date

July 1, 2006

#### Sunset Date

June 30, 2015

#### Beneficiaries

Manufacturers that use an alternate substance as fuel

#### Estimated Fiscal Effect

Exclusion sunsetted.

### 49. Donation of Toys

This exclusion from state and local sales and use tax applies to nonprofit organizations that are exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code if the sole purpose of the purchasing organization is to donate toys to children and the toys are in fact, donated. The organizations are required to obtain exemption certificates from the Department of Revenue or the tax collector of the political subdivision.

#### Legal Citation

R.S. 47:301(10)(aa)(i), R.S. 47:301(18)(m)

#### Origin

Acts 2005, No. 293

#### Effective Date

July 1, 2005

#### Beneficiaries

Nonprofit organizations that purchase toys to donate to children

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 3% of the 5% state sales tax and is subject to a 2% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

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# Sales Tax

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## { Exclusions }

### 50. Natural Gas Held, Used, or Consumed in Providing Natural Gas Storage Services or Operating Natural Gas Storage Facilities

This provision allows a state sales and use tax exclusion for purchases of natural gas to be held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities.

#### Legal Citation

R.S. 47:301(10)(bb)

#### Origin

Acts 2005, No. 364

#### Effective Date

June 30, 2005

#### Beneficiaries

Taxpayers that provide natural gas storage services or operate natural gas storage facilities

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. For the period 7/1/2015 - 3/31/2016, this exclusion was taxed at 1% state sales tax due to the suspension of tax under HCR 8 of the 2015 Legislative Session. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$84,000	\$168,000

### 51. Purchases by a Private Postsecondary Academic Degree-Granting Institution

This provision excludes from the terms “retail sale” or “sale at retail” and “use” the purchase, importation, storage, distribution, or exportation of, or exercise of any right or power over, textbooks and course-related software by a private postsecondary academic degree granting institution, accredited by a national or regional commission that is recognized by the United States Department of Education, is licensed by the Board of Regents, has its main location within this state, and offers only online instruction. These exclusions apply if the textbooks and course-related software are physically outside of this state when purchased from a vendor outside of this state and then imported into this state, the first student use of the textbooks and course-related software occurs outside of this state, and the textbooks and course-related software are provided to the student free of charge.

#### Legal Citation

R.S. 47:301(10)(cc), R.S. 47:301(18)(n)

#### Origin

Acts 2005, No. 457

#### Effective Date

July 11, 2005

#### Beneficiaries

Students attending a private postsecondary academic institution which offers only online instruction

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 3% of the 5% state sales tax and is subject to a 2% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

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# Sales Tax

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## { Exclusions }

### 52. Purchases of Food Items for School Lunch or Breakfast Programs by Nonpublic Elementary or Secondary Schools

This exclusion allows nonpublic elementary or secondary schools that participate in the National School Lunch and School Breakfast Programs or nonprofit corporations that serve students and participate in the national program, to purchase food items for these programs without the payment of sales or use tax.

#### Legal Citation

R.S. 47:301(10)(dd)

#### Origin

Acts 2007, No. 430

#### Effective Date

October 1, 2007

#### Beneficiaries

Nonpublic elementary or secondary schools that participate in the National School Lunch and School Breakfast Programs and nonprofit corporations that participate in the national program

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$59,000	\$47,000

### 53. Purchases of Storm Shutter Devices

This provision allows for the purchase of storm shutter devices, defined as materials and products manufactured, rated, and marketed specifically for the purpose of preventing window damage from storms, without any sales or use tax.

#### Legal Citation

R.S. 47:301(10)(ee), R.S. 47:301(18)(o)

#### Origin

Acts 2007, No. 462

#### Effective Date

July 1, 2007

#### Beneficiaries

Purchasers of storm shutter devices

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$17,000	\$34,000

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# Sales Tax

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## { Exclusions }

### **54. Sales of Tangible Personal Property by the Louisiana Military Department**

This provision creates an exclusion for the sales of tangible personal property by the Louisiana Military Department which occur on an installation or other property owned or operated by the Military Department.

#### **Legal Citation**

R.S. 47:301(10)(ff)

#### **Origin**

Acts 2009, No. 443

#### **Effective Date**

July 1, 2009

#### **Beneficiaries**

Taxpayers who purchase tangible personal property from the Louisiana Military Department

#### **Estimated Fiscal Effect**

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exclusion was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exclusion is \$0.

### **55. Sales of Anthropogenic Carbon Dioxide use in Qualified Tertiary Recovery Projects**

This provision creates an exclusion from sales and use tax for anthropogenic carbon dioxide used in qualified tertiary recovery projects approved by the Department of Natural Resources.

#### **Legal Citation**

R.S. 47:301(10)(gg), R.S. 47:301(18)(p)

#### **Origin**

Acts 2009, No. 450

#### **Effective Date**

July 1, 2009

#### **Beneficiaries**

Taxpayers who use anthropogenic carbon dioxide in qualified tertiary recovery projects approved by the Department of Natural Resources

#### **Estimated Fiscal Effect**

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exemption is \$0.

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# Sales Tax

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## { Exclusions }

### 56. Qualifying Events Providing Louisiana Heritage, Culture, Crafts, Art, Food and Music Sponsored by a Domestic Nonprofit Organization

This exclusion exempts the sales of tangible personal property at, admissions to, and parking fees for an event providing Louisiana heritage, culture, crafts, art, food and music which is sponsored by a nonprofit organization. Qualifying events must transpire over a minimum of seven days but not more than twelve days and have a Five-Year annual average attendance of at least three hundred thousand over the duration of the event. The purpose of this exemption is to provide financial assistance to qualifying organizations.

#### Legal Citation

R.S. 47:301(10)(hh) and (14)(k), R.S. 47:305.14(A)(1)(b)

#### Origin

Acts 2011, No. 372

#### Effective Date

October 1, 2011

#### Beneficiaries

New Orleans Jazz and Heritage Festival

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### 57. Articles Traded in on Tangible Personal Property

This exclusion allows credits for trade-ins of like property to be free of general sales tax. The trade-in credits are excluded from the definition of sales price. The purpose of this exclusion is to effect a reduction in the taxable sales price for consumers.

#### Legal Citation

R.S. 47:301(13)(a)

#### Origin

Acts 1989, 2<sup>nd</sup> Ex. Sess., No. 14

#### Effective Date

August 1, 1989

#### Beneficiaries

Any persons or businesses that purchase tangible personal property utilizing trade-ins

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. This statute remains completely exempt from the 5% state sales tax. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$875,000	\$700,000

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# Sales Tax

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## { Exclusions }

### 58. First \$50,000 of New Farm Equipment Used in Poultry Production

This exclusion allows farmers engaged in poultry production relief from the general sales tax on the first \$50,000 of equipment purchased for use in poultry production. The purpose of this exclusion is to extend to poultry farmers similar tax relief extended to other farmers under R.S. 47:305.25.

#### Legal Citation

R.S. 47:301(13)(c)

#### Origin

Acts 1991, No. 388

#### Effective Date

July 8, 1991

#### Beneficiaries

Poultry farmers

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. This statute remains completely exempt from the 5% state sales tax. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. See number 141, sales tax section.

### 59. Specialty Mardi Gras Items Purchased or Sold by Certain Organizations

This exclusion allows nonprofit carnival organizations domiciled within Louisiana and participating in a parade sponsored by a carnival organization to sell specialty items to members for fund-raising purposes free from the state and local sales tax.

#### Legal Citation

R.S. 47:301(13)(l), R.S. 47:305.40

#### Origin

Acts 2005, No. 410

#### Effective Date

August 15, 2005

#### Beneficiaries

Nonprofit carnival organizations

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$358,000	\$716,000



# Sales Tax

## { Exclusions }

### 60. Admissions Charges to Athletic or Entertainment Events of Colleges and Universities

This exclusion allows the tax-free sale of tickets for admission to all athletic or entertainment events by colleges and universities. The purpose of this exclusion is to relieve these educational institutions from the burden of collecting and remitting state sales tax on these transactions.

#### Legal Citation

R.S. 47:301(14)(b)(i)(aa)

#### Origin

Acts 1948, No. 9; amended by Acts 1976, No. 481

#### Effective Date

June 7, 1948

#### Beneficiaries

Colleges and universities

#### Estimated Fiscal Effect

Colleges and universities were affected by legislation from the 2016 sessions. Prior to 4/1/2016, these transactions were exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Events at public facilities became exempt effective July 1, 2016. Events at non-public facilities are excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Currently, certain events held at a publicly owned facility are subject to the provisions of R.S. 39:467 and 468.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$370,000	\$740,000

### 61. Admissions Charges to Athletic or Entertainment Events of Elementary and Secondary Schools

This exclusion allows the tax-free sale of tickets for admission to all athletic or entertainment events by elementary and secondary schools. The purpose of this exclusion is to relieve these educational institutions from the burden of collecting and remitting state sales tax on these transactions.

#### Legal Citation

R.S. 47:301(14)(b)(i)(aa)

#### Origin

Acts 1948, No. 9; amended by Acts 1976, No. 481

#### Effective Date

June 7, 1948

#### Beneficiaries

Elementary and secondary schools

#### Estimated Fiscal Effect

Elementary and secondary schools were affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, elementary and secondary schools are excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,261,000	\$1,009,000

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# Sales Tax

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## { Exclusions }

### 62. Membership Fees or Dues of Nonprofit or Civic Organizations

This exclusion allows the tax-free sale of membership dues for access to the facilities of nonprofit civic organizations, such as the Young Men's Christian Association (YMCA), Young Women's Christian Association (YWCA), Catholic Youth Organization (CYO), etc. The purpose of this exclusion is to provide financial assistance to qualifying organizations.

#### Legal Citation

R.S. 47:301(14)(b)(i)(bb)

#### Origin

Acts 1948, No. 9; amended by Acts 1976, No. 481

#### Effective Date

June 7, 1948

#### Beneficiaries

Certain nonprofit organizations

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$382,000	\$306,000

### 63. Admissions to Museums

This exclusion allows tax-free admissions to museums by defining a place of amusement to not include museums. The purpose of this exclusion is to provide financial assistance to museums.

#### Legal Citation

R.S. 47:301(14)(b)(ii)

#### Origin

Acts 1989, No. 796; amended by Acts 1991, No. 172

#### Effective Date

September 3, 1989

#### Beneficiaries

Museums, which include planetariums, aquariums, and natural history and art museums

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,003,000	\$2,006,000

# Sales Tax

## { Exclusions }

### 64. Admission to Places of Amusement at Camp and Retreat Facilities

This provision excludes from the tax certain room rentals at camp and retreat facilities owned and operated by non-profit organizations exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Internal Revenue Code. The qualifying room rentals must be associated with the attendance of a function devoted to the nonprofit organization's purposes. Room rentals to persons merely purchasing lodging at the facility do not qualify for the exclusion.

Qualifying nonprofit organizations have a similar exclusion for places of amusement under R.S. 47:301(6)(b).

#### Legal Citation

R.S. 47:301(14)(b)(iv)

#### Origin

Acts 1998, No. 40; Amended by Acts 2005, No. 377

#### Effective Date

August 15, 1998

#### Related Exclusion

R.S. 47:301(6)(b)

#### Beneficiaries

Qualifying camp and retreat facilities

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$54,000	\$108,000

### 65. Repair Services Performed in Louisiana When the Repaired Property is Exported

This exclusion allows Louisiana dealers to repair tangible personal property from other states tax-free, if the property is delivered back to the other state by the Louisiana dealer or by common carrier. The purpose of this exclusion is to allow Louisiana dealers to be competitive with dealers in neighboring states.

#### Legal Citation

R.S. 47:301(14)(g)(i)(bb)

#### Origin

Acts 1977, 1<sup>st</sup> Ex. Sess., No. 17; Amended by Acts 2007, No. 173

#### Effective Date

July 1, 1978

#### Beneficiaries

Louisiana repair shops located near the boundaries of the neighboring states

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 3% of the 5% state sales tax and is subject to a 2% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,659,000	\$2,212,000

# Sales Tax

## { Exclusions }

### 66. Repairs, Renovations or Conversions of Drilling Rigs

This exclusion allows a drilling rig used exclusively for the exploration or development of minerals outside the territorial limits of the state in the outer continental shelf waters to be repaired, renovated or converted without the owner paying sales or use taxes.

#### Legal Citation

R.S.47:301(14)(g)(iii)

#### Origin

Acts 2007, No. 173

#### Effective Date

June 27, 2007

#### Related Exemption

R.S. 47:305(I)

#### Beneficiaries

Oilfield companies using drilling rigs exclusively for the exploration or development of minerals outside the territorial limits of the state in the outer continental shelf waters

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$358,000	\$716,000

### 67. Surface Preparation, Coating and Painting of Certain Aircraft

This exclusion allows Louisiana dealers to perform surface preparation, coating and painting of fixed rotary wing military aircraft or certain certified transport category aircraft tax free. The Federal Aviation Administration registration address of the aircraft must not be in Louisiana. The purpose of this exclusion is to allow Louisiana dealers to be competitive with dealers in neighboring states.

#### Legal Citation

R.S. 47:301(14)(g)(iv)

#### Origin

Acts 2017, No. 279

#### Effective Date

July 1, 2017

#### Beneficiaries

Louisiana dealers who repair airplanes

#### Estimated Fiscal Effect

Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2017 - 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$120,000	\$96,000

# Sales Tax

## { Exclusions }

### 68. Sales of Platinum, Gold, and Silver Bullion and Numismatic Coins at Certain Trade Shows

This exclusion allows the sales of platinum, gold and silver bullion that is valued solely upon its precious metal content and whose sales price is less than \$1,000 to be free of general sales tax. The exemption applies whether the metal is in coin or ingot form. In addition, the sale of numismatic coins having a sales price of less than \$1,000 or sold at national, statewide, or multi-parish coin trade shows are to be free of the general sales tax. The purpose of this exclusion is to provide for tax-free sales of monetized bullion.

Beginning August 1, 2013, the exclusion was modified to specifically include platinum and to remove the dollar value limitation. Effective June 22, 2017, the exclusion was modified to restore the dollar value limitation and limit the sales of numismatic coins to national, statewide or multi-parish trade shows.

#### Legal Citation

R.S. 47:301(16)(b)(ii)

#### Origin

Acts 1991, No. 292; amended by Acts 2013, No. 396, amended by Acts 2017, No. 340

#### Effective Date

July 1, 1991

#### Beneficiaries

Dealers and purchasers of numismatic coins and bullion

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. This statute was excluded from 2% of the 5% state sales tax and was subject to a 3% tax rate for the period 7/1/2016 - 9/30/2017. Effective October 1, 2017, this statute became completely exempt from the 5% state sales tax. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$420,000	\$395,000

### 69. Certain Geophysical Survey Information and Data Analyses

This exclusion allows geophysical information and data provided under a restricted-use agreement to be free of sales tax. This exclusion excludes these transactions from the definition of tangible personal property. These transactions do not constitute an exchange of tangible personal property and are not subject to tax. The purpose of this exclusion is to clarify that tax is not due on geophysical surveys.

#### Legal Citation

R.S. 47:301(16)(b)(iii)

#### Origin

Acts 1988, No. 355

#### Effective Date

July 7, 1988

#### Beneficiaries

Oil exploration and geophysical survey companies

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$18,000	\$14,000

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# Sales Tax

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## { Exclusions }

### 70. Vehicle Repairs Subsequent to Warranty Lapse

This exclusion allows the tax-free sale of a repair of a vehicle that is performed by a licensed motor vehicle dealer which is performed subsequent to the lapse of the applicable warranty on that vehicle and at no charge to the owner. The purpose of this exclusion is to provide financial relief to owners of motor vehicles.

#### Legal Citation

R.S. 47:301(16)(c)

#### Origin

Acts 1948, No. 9, amended by Acts 1992, No. 884

#### Effective Date

June 7, 1948

#### Beneficiaries

Owners of motor vehicles

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### 71. Work Product of Certain Professionals

This provision excludes the work product of licensed or regulated professionals under Title 37. The work products of these professionals that are written on paper, stored on magnetic or optical media, or transmitted by electronic device, such as tax returns and wills, that is created in the normal course of business is excluded from the definition of tangible personal property. This exclusion specifically does not apply to work products that consist of the creation, modification, updating, or licensing of computer software. The taxing authorities of the state and local governments have not attempted to tax the work product addressed in this exclusion. The purpose of this exclusion is to ensure that governmental entities do not attempt to tax the work product of Title 37 professionals.

#### Legal Citation

R.S. 47:301(16)(e)

#### Origin

Acts 1998, No. 46

#### Effective Date

June 24, 1998

#### Beneficiaries

Professionals licensed or regulated under Title 37

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$721,000	\$577,000

# Sales Tax

## { Exclusions }

### 72. Pharmaceuticals Administered to Livestock for Agricultural Purposes

This exclusion allows pharmaceuticals to be sold or purchased free from sales tax when administered to livestock that are used for agricultural purposes. Pharmaceuticals must be registered with the Louisiana Department of Agriculture and Forestry to qualify. This exclusion duplicates provisions of other exclusions and exemptions.

**Legal Citation**

R.S. 47:301(16)(f)

**Origin**

Acts 2000, No. 33; Amended by Acts 2006, No. 41

**Effective Date**

July 1, 2000

**Beneficiaries**

Livestock farmers

**Estimated Fiscal Effect**

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$277,000	\$222,000

### 73. Used Manufactured Homes and 54 Percent of Cost of New Manufactured Homes

This exclusion provides that used manufactured homes and 54 percent of the cost of new factory built homes can be purchased free from sales tax. A factory built home includes a manufactured home, modular home, mobile home, or residential mobile home with or without a permanent foundation, which includes plumbing, heating, and electrical systems.

**Legal Citation**

R.S. 47:301(16)(g)

**Origin**

Acts 2000, No. 30; amended by Acts 2001, No. 1212; Acts 2009, No. 500

**Effective Date**

July 1, 2001

**Beneficiaries**

Individuals that purchase new and used manufactured homes

**Estimated Fiscal Effect**

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$10,971,000	\$8,777,000

# Sales Tax

## { Exclusions }

### 74. Purchases of Certain Custom Computer Software

This exclusion, phased in over four-years, excludes custom computer software from the definition of tangible personal property. The percentage excluded from the cost price of custom software is 25 percent in the first year, increasing by 25 percent each fiscal year until fully exempt on June 30, 2005. In order to be considered “custom computer software,” the computer software must require preparation, creation, adaptation, or modification by the vendor in order to be used in a specific work environment or to perform a specific function for the user.

**Legal Citation**

R.S. 47:301(16)(h), (22) and (23)

**Origin**

Acts 2002, 1<sup>st</sup> Ex. Sess., No. 7

**Effective Date**

July 1, 2002

**Beneficiaries**

Dealers and consumers of custom computer software

**Estimated Fiscal Effect**

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$115,000	\$230,000

### 75. Materials Used Directly in the Collection of Blood

This exclusion allows nonprofit blood banks and blood collection centers to purchase materials used directly in the collection, separation, treatment, testing, and storage of blood free from the general sales tax.

**Legal Citation**

R.S. 47:301(16)(j)

**Origin**

Acts 2002, No. 70

**Effective Date**

July 1, 2002

**Beneficiaries**

Nonprofit blood banks and blood collection centers

**Estimated Fiscal Effect**

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$342,000	\$274,000



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# Sales Tax

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## { Exclusions }

### 76. Apheresis Kits and Leuko Reduction Filters

This exclusion allows nonprofit blood banks and blood collection centers to purchase apheresis kits and leuko reduction filters free from the general sales tax.

#### Legal Citation

R.S. 47:301(16)(k)

#### Origin

Acts 2002, No. 71

#### Effective Date

July 1, 2002

#### Beneficiaries

Nonprofit blood banks and blood collection centers

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### 77. Other Constructions Permanently Attached to the Ground

This exclusion alters for state and local sales and use tax administration purposes only, the Louisiana Civil Code classification of “other constructions” as movable property when there is no unity of ownership between the other constructions and the lands on which they are located. Effective March 25, 2004, “other constructions” will be treated as immovable property when permanently attached to the land, regardless of the ownership of the land for sales and use tax administration purposes only. Persons constructing, selling, leasing, renting, or repairing “other constructions” that are permanently attached to the ground must treat those constructions as any other immovable property. Sales or use tax will be owed on their acquisition prices of materials that they acquire for the construction of or for providing repairs to property.

#### Legal Citation

R.S. 47:301(16)(l)

#### Origin

Acts 2004, 1<sup>st</sup> Ex. Sess., No. 6

#### Effective Date

March 25, 2004

#### Beneficiaries

Persons owning other constructions and not the land on which they are located.

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 3% of the 5% state sales tax and is subject to a 2% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$4,887,000	\$6,516,000

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# Sales Tax

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## { Exclusions }

### **78. Purchases by Motor Vehicle Manufacturer**

This exclusion allows motor vehicles manufacturers to make purchases of machinery and equipment without the payment of sales or use taxes.

#### **Legal Citation**

R.S.47:301(16)(m)

#### **Origin**

Acts 2007, No. 1

#### **Effective Date**

May 31, 2007

#### **Beneficiaries**

Motor vehicle manufacturers with a North American Industry Classification System (NAICS) code beginning with 3361

#### **Estimated Fiscal Effect**

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 2% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. See number 11, sales tax section.

### **79. Purchases by Glass Manufacturers**

This exclusion allows glass manufacturers to make purchases of qualifying machinery and equipment without the payment of sales or use taxes.

#### **Legal Citation**

R.S. 47:301(16)(m)(i)

#### **Origin**

Acts 2009, No. 459

#### **Effective Date**

July 1, 2009

#### **Beneficiaries**

Glass manufacturers with a North American Industry Classification System (NAICS) code of 327213

#### **Estimated Fiscal Effect**

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 2% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. See number 11, sales tax section.

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# Sales Tax

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## { Exclusions }

### 80. Purchases of Machinery and Equipment by Owners of Certain Radio Stations

This exclusion allows the owners of certain radio stations to make purchases of machinery and equipment without the payment of sales or use taxes.

#### Legal Citation

R.S. 47:301(16)(n)

#### Origin

Acts 2007, No. 339

#### Effective Date

July 1, 2007

#### Beneficiaries

Owners of certain radio stations

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### 81. Purchases of Machinery and Equipment by Certain Utilities

This exclusion allows certain utilities assigned North American Industry Classification Systems (NAICS) Sector 22111, electric power generation, to purchase machinery and equipment without the payment of sales or use tax.

#### Legal Citation

R.S. 47:301(16)(o)(i) and (ii)

#### Origin

Acts 2007, No. 427

#### Effective Date

July 1, 2008

#### Beneficiaries

Certain utilities assigned NAICS Sector 22111

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,351,000	\$2,702,000

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# Sales Tax

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## { Exclusions }

### 82. Sales of Newspapers

This exclusion allows the tax-free sale of newspapers. As a result of the court case *Arkansas vs. Arkansas Writers* 481 U.S. 221 (U.S. Ark. Apr. 22, 1987) (No. 85-1370), the definition of newspapers has been expanded to include general information publications with second-class mailing privileges, which includes various magazines.

#### Legal Citation

R.S. 47:301(16)(p)

#### Origin

Acts 2007, No. 480

#### Effective Date

July 1, 2008

#### Related Provision

R.S. 47:305(D)(1)(e) provided a related exemption. That exemption was repealed effective July 1, 2008.

#### Beneficiaries

Consumers who purchase newspapers and magazines

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$494,000	\$988,000

### 83. Donations to Certain Schools

This exclusion allows a retailer to donate resale inventory to certain schools without having to pay use tax on the donated property. The schools must meet the definition in R.S. 17:326 or be a school of higher education. The purpose of this exclusion is to encourage the donation of resale inventory to certain schools.

#### Legal Citation

R.S. 47:301(18)(a)(i)

#### Origin

Acts 1987, No. 326; amended by Acts 1998, No. 22; Acts 2000, No. 44

#### Effective Date

July 1, 1987

#### Beneficiaries

Retailers that donate to schools and the schools that receive the donations

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/2/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

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# Sales Tax

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## { Exclusions }

### **84. Use Tax on Residue or Byproducts Consumed by the Producer**

This exclusion excludes from the definition of “use” any residue or by-product created as part of a manufacturing/refining process, except refinery gas, which is used by the producer of the property. Sales of refinery gas are subject to tax under R.S. 47:301(13)(d).

#### **Legal Citation**

R.S. 47:301(18)(d)(ii)

#### **Origin**

Acts 1996, No. 29; amended Acts 2005, No. 458

#### **Effective Date**

July 2, 1996

#### **Beneficiaries**

Manufacturers or refineries of residue and byproducts that are produced as part of their process

#### **Estimated Fiscal Effect**

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### **85. Miscellaneous Telecommunications Services**

This exclusion provides that services for resale, ancillary charges separately stated, taxes collected by the seller from the purchaser, telecommunication services among an affiliated group as provided by 26 U.S.C. 1504 and non-telecommunication property or services separately stated are not subject to the sales tax imposed upon telecommunications under R.S. 47:301.1.

#### **Legal Citation**

R.S. 47:301.1(B)(2)(a), (b), (c), (e) and (f)

#### **Origin**

Acts 1990, No. 388; amended by Acts 1998, No. 58; Acts 2001, No. 1175

#### **Effective Date**

August 1, 1990

#### **Beneficiaries**

All persons or companies using telecommunication services

#### **Estimated Fiscal Effect**

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

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# Sales Tax

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## { Exclusions }

### 86. Telecommunication Services Through Coin-Operated Telephones

This exclusion allows communication through coin-operated telephones to be excluded from the telecommunication tax under general sales tax. The charges for the use of coin-operated telephones are excluded from the definition of telecommunication services. The telecommunication tax is only assessed at a general sales tax rate of three percent. The purpose of this exclusion is to prohibit the taxation of coin-operated telephone calls.

#### Legal Citation

R.S. 47:301.1(B)(2)(d)

#### Origin

Acts 1990, No. 388

#### Effective Date

August 1, 1990

#### Beneficiaries

People who use coin-operated telephones

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

### 87. Interstate Telecommunications Services Purchased by Defined Call Centers

This exemption allows defined call centers to purchase interstate telecommunication services free from the general sales tax for the period April 1, 2001, through June 30, 2003. Effective July 1, 2003 call centers will be subject to the telecommunications tax for interstate communication services, with a limitation of \$25,000 per year for “direct pay” holders. This exemption will not apply to call centers purchasing mobile telecommunication services.

The purpose of this exclusion is to prohibit the taxation of interstate telecommunication services when purchased by a defined call center.

#### Legal Citation

R.S. 47:301.1(D)

#### Origin

Acts 2000, No. 22; amended by Acts 2001, No. 1175

#### Effective Date

April 1, 2001

#### Beneficiaries

Defined call centers

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was taxed at the 1% state sales tax rate. It was taxed at 3% for the period 4/1/2016 – 6/30/2016. Currently, this statute is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 2% of the 4% state sales tax and subject to a 2% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Negligible	\$15,000

# Sales Tax

## { Exclusions }

### 88. Advertising Services

This exclusion allows advertising services by an advertising agency to be free from state and local sales or use tax. This exclusion applies to advertising services and to tangible personal property sold if advertising services constitute a major part of the tangible personal property produced. It does not apply to the transfer of mass-produced advertising items by an advertising business that involves furnishing minimal services by the advertising business. Pure advertising services were never considered to be taxable. The purpose of this exclusion was to clarify the taxability of advertising services and the property transferred to clients.

#### Legal Citation

R.S. 47:302(D)

#### Origin

Acts 1987, No. 869

#### Effective Date

January 1, 1982

#### Beneficiaries

Advertising agencies and their customers

#### Estimated Fiscal Effect

This exclusion was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$5,004,000	\$4,003,000

## { Exemptions }

### 89. Purchases by Nonprofit Electric Cooperatives

This exemption allows nonprofit electric cooperatives to purchase tangible property without the payment of sales tax. The purpose of this exemption is to assist in providing electrical-utility service to rural areas, since investor-owned utility companies are not allowed a comparable exemption.

#### Legal Citation

R.S. 12:425

#### Origin

Acts 1940, No. 266; amended by Acts 1968, No. 105

#### Effective Date

July 21, 1940

#### Beneficiaries

Rural electric cooperatives

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 1% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 3% of the 5% state sales tax and is subject to a 2% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$90,000	\$92,000

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# Sales Tax

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## { Exemptions }

### 90. Purchases by a Public Trust

This exemption allows bulk purchases of materials, supplies, vehicles, and equipment by a public trust free of general sales tax. The purchases must be made on behalf of the public trust. The purpose of this exemption is to provide assistance to public entities.

#### Legal Citations

R.S. 38:2212.4

#### Origin

Acts 1989, No. 780 (Redesignated from R.S. 38:2212.3 to R.S. 38:2212.4 pursuant to Acts 1999 No. 768.)

#### Effective Date

July 9, 1989

#### Beneficiaries

Public trusts

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exemption is \$0.

### 91. Sales by State-Owned Domed Stadiums and Baseball Facilities

This exemption allows tax-free sales to be made within state-owned domed stadiums with a seating capacity of at least 70,000 or has a seating capacity of at least 12,500 located in a parish with population of between 185,000 and 250,000, or any open baseball site that has a seating capacity of at least 10,000 and has a professional sports franchise that participates in Class Triple-A professional baseball. This exemption covers sales of souvenirs and refreshments, parking fees, and guided tours. This exemption does not extend to sales of tangible personal property through trade shows or similar events. The purpose of this exemption is to provide financial assistance to qualifying stadiums.

#### Legal Citations

R.S. 39:467

#### Origin

Acts 1985, No. 2, amended by Acts 2005, No. 391; Acts 2009, No. 464 amended by Acts 2016, 2nd Ex. Session, No. 13

#### Effective Date

May 23, 1985

#### Beneficiaries

Certain state-owned domed stadiums and baseball sites and the vendors operating within them

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, certain events held at a publicly owned facility are subject to the provisions of R.S. 39:467 and 468.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$195,000	\$285,000



# Sales Tax

## { Exemptions }

### 92. Sales by Certain Publicly-Owned Facilities

This exemption allows tax-free sales by certain publicly-owned facilities. This exemption applies to any qualified facility owned by any state or local subdivision. In order to qualify, the local taxing authorities must provide a similar exemption from all local sales taxes. The exemption covers sales of souvenirs and refreshments, parking fees, and guided tours. The exemption does not extend to sales of tangible personal property through trade shows or similar events. The purpose of this exemption is to provide financial assistance to qualifying facilities.

#### Legal Citations

R.S. 39:468

#### Origin

Acts 1985, No. 2, amended by Acts 2016, 2nd Ex. Session, No. 13

#### Effective Date

May 23, 1985

#### Beneficiaries

Certain publicly-owned facilities and the vendors operating within them

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, certain events held at a publicly owned facility are subject to the provisions of R.S. 39:467 and 468.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$266,000	\$217,000

### 93. Boats, Vessels and Other Water Craft as Demonstrators

This exemption adds new boats, vessels, and other water craft to the sales tax exemption for demonstrators. It allows new and used boat dealers to remove boats, vessels, and other water craft from inventory for demonstration purposes without being subject to the general sales tax. To qualify for the exemption, the boat, vessel, or watercraft must be registered in the dealer's name and must not be used on more than 6 consecutive days or more than 12 days in any calendar month.

#### Legal Citation

R.S. 47:303(D)(1), R.S. 47:305(D)(1)(i) & (H)

#### Origin

Acts 2009, No. 442

#### Effective Date

July 1, 2009

#### Beneficiaries

Boat and other water craft dealers

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$11,000	\$22,000

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# Sales Tax

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## { Exemptions }

### 94. Purchases of Off-Road Vehicles by Certain Buyers Domiciled in Another State

This exemption allows purchasers who submit proof that they are domiciled in another state and provide a signed affidavit that tax has been paid or will be paid on the off-road vehicle in the state in which they are domiciled within 60 days after the date of purchase or deliver, whichever is later, to purchase off-road vehicles without paying sales or use tax. This exemption only applies if the state in which the buyer is domiciled also provides a similar exemption.

#### Legal Citation

R.S.47:303(E)(1), R.S. 47:304(A), R.S. 47:305.56

#### Origin

Acts 2007, No. 291

#### Effective Date

October 7, 2007

#### Beneficiaries

Purchasers of off-road vehicles who are domiciled in another state that provides a similar exemption

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$42,000	\$84,000

### 95. Sales of Farm Products Directly from the Farm

This exemption allows the tax-free sale of livestock, poultry, and other farm products if sold directly by the producer. This exemption includes sales by farmers, livestock producers, nurserymen, and other producers of farm products. Most sales by qualified producers are to wholesalers, but some producers sell their products directly to the consumer. The purpose of this exemption is to relieve the producer of the burden for charging and remitting sales tax.

#### Legal Citation

R.S. 47:305(A)(1)

#### Origin

Acts 1948, No. 9

#### Effective Date

June 7, 1948

#### Beneficiaries

Producers of farm products

#### Estimated Fiscal Effect

This exemption was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$13,721,000	\$10,977,000

# Sales Tax

## { Exemptions }

### 96. Livestock Sales Sold at Market and Racehorses Claimed at Races in Louisiana

This exemption allows the tax-free sale of racehorses entered in races and claimed (sold) at any meet in Louisiana, or sold through any public sale sponsored by any breeders, registry association, or livestock auction market. The purpose of this exemption is to provide financial assistance to the breeders association, registry associations, racetracks, and public sales of livestock.

#### Legal Citation

R.S. 47:305(A)(2)

#### Origin

Acts 1979, No. 796

#### Effective Date

September 7, 1979

#### Beneficiaries

Racetracks and breeding and registry associations

#### Estimated Fiscal Effect

This exemption was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$67,000	\$54,000

### 97. Feed and Feed Additives for Animals Held for Business Purposes

This exemption allows tax-free sales of feed and feed additives for the purpose of sustaining animals primarily for business use. The exemption does not apply to food for pets or hunting dogs. The purpose of this exemption is to provide financial relief from the use tax imposed on feed for animals held for business purposes.

#### Legal Citation

R.S. 47:305(A)(4)(a)

#### Origin

Acts 1986, No. 677

#### Effective Date

August 30, 1986

#### Beneficiaries

Persons or companies that feed animals for business use

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 0% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$121,000	\$91,000

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# Sales Tax

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## { Exemptions }

### 98. Materials Used in the Production or Harvesting of Crawfish

The sales of materials, supplies, equipment, fuel, and related items, other than vessels, when used in the production or harvesting of crawfish are subject to the imposition of tax under R.S. 47:321 (1% tax). This exemption is not limited to commercial farmers. The exemption includes a good faith clause that requires the vendor to use due care when accepting this exemption certificate. The purpose of this exemption is to provide financial assistance to crawfish farmers.

#### Legal Citation

R.S. 47:305(A)(5)(a)

#### Origin

Acts 1987, No. 364; Acts 2009, No. 455

#### Effective Date

September 1, 1987

#### Beneficiaries

Producers and harvesters of crawfish

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 0% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$262,000	\$197,000

### 99. Bait and Feed Used in the Production or Harvesting of Crawfish

This exemption allows tax-free sales of bait and feed when used in the production or harvesting of crawfish. This exemption is not limited to commercial farmers. The exemption includes a good faith clause that requires the vendor to use due care when accepting this exemption certificate. The purpose of this exemption is to provide financial assistance to crawfish farmers.

#### Legal Citation

R.S. 47:305(A)(5)(b)

#### Origin

Acts 1987, No. 364; Acts 2009, No. 455

#### Effective Date

September 1, 1987

#### Beneficiaries

Producers and harvesters of crawfish

#### Estimated Fiscal Effect

This exemption was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$387,000	\$310,000

# Sales Tax

## { Exemptions }

### 100. Materials Used in the Production or Harvesting of Catfish

This exemption allows tax-free sales of materials, supplies, equipment, fuel, bait, and related items, other than vessels, when used in the production or harvesting of catfish. This exemption is not limited to commercial farmers. The exemption includes a good faith clause that requires the vendor to use due care when accepting this exemption certificate. The purpose of this exemption is to provide financial assistance to catfish farmers.

#### Legal Citation

R.S. 47:305(A)(6)

#### Origin

Acts 1988, No. 948

#### Effective Date

September 1, 1988

#### Beneficiaries

Producers and harvesters of catfish

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 0% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$57,000	\$43,000

### 101. Farm Products Produced and Used by Farmers

This exemption allows farmers and their families to consume the products, grown primarily to be sold, without paying a use tax. The exemption applies to livestock, poultry, and agricultural products. The purpose of this exemption is to provide financial assistance to farmers.

#### Legal Citation

R.S. 47:305(B)

#### Origin

Acts 1948, No. 9

#### Effective Date

June 7, 1948

#### Beneficiaries

Farmers and their families

#### Estimated Fiscal Effect

This exemption was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$3,593,000	\$2,874,000

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# Sales Tax

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## { Exemptions }

### 102. Sales of Gasoline (not subject to motor fuels tax)

This exemption allows the sale of gasoline to be exempt when sold in Louisiana. La. Const. Art. VII §27 extends an exclusion for gasoline sold that has been subject to a Louisiana road use tax [See Number 207, Sales Tax Section]. This exemption exempts gasoline sold when the road use tax has not been levied. The purpose of this exemption is to reduce the tax due by consumers.

#### Legal Citation

R.S. 47:305(D)(1)(a)

#### Origin

Acts 1948, No. 9

#### Effective Date

June 7, 1948

#### Beneficiaries

Consumers of gasoline for off-road use

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. Data indicates this exclusion was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exclusion is \$0.

### 103. Sales of Steam - Nonresidential

This exemption allows the tax-free sale of steam. The purpose of this exemption is to provide tax relief to industrial users of steam.

#### Legal Citation

R.S. 47:305(D)(1)(b)

#### Origin

Acts 1948, No. 9

#### Effective Date

June 7, 1948

#### Beneficiaries

Industrial users of steam

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. For the period 7/1/2015 - 3/31/2016, this statute was subject to 1% state sales tax as provided for under HCR 8 of the 2015 Legislative Session. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate until 3/31/2019. Beginning April 1, 2019, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. See number 104, sales tax section.

# Sales Tax

## { Exemptions }

### 104. Sales of Water - Nonresidential

This exemption allows the tax-free sale of water sold other than in containers. The purpose of this exemption is to benefit the nonresidential users of water utility services.

#### Legal Citation

R.S. 47:305(D)(1)(c)

#### Origin

Acts 1948, No. 9

#### Effective Date

June 7, 1948

#### Beneficiaries

Nonresidential users of water utility services

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. For the period 7/1/2015 - 3/31/2016, this statute was subject to 1% state sales tax as provided for under HCR 8 of the 2015 Legislative Session. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate until 3/31/2019. Beginning April 1, 2019, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,548,000	\$4,902,000

### 105. Sales of Electric Power or Energy - Nonresidential

This exemption allows the tax free sale of electric power or energy and any materials or energy sources used to fuel the generation of electric power for resale or used by an industrial manufacturing plant for self-consumption or cogeneration. As the sale of electricity for residential use is constitutionally protected, this exemption benefits the nonresidential users of electrical utility services.

#### Legal Citation

R.S. 47:305(D)(1)(d)

#### Origin

Acts 1948, No. 9; amended by Acts 1980, No. 159; Acts 1984, No. 183

#### Effective Date

June 7, 1948

#### Beneficiaries

Industrial users of electric power or energy

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. For the period 7/1/2015 - 3/31/2016, this statute was subject to 1% state sales tax as provided for under HCR 8 of the 2015 Legislative Session. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/2/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate until 3/31/2019. Beginning April 1, 2019, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$46,596,000	\$147,554,000

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# Sales Tax

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## { Exemptions }

### **106. Sales of Fertilizers and Containers to Farmers**

This exemption allows tax-free sales of fertilizers and containers for farm products if sold directly to the commercial farmer. Fertilizers and containers are exempt as a resale item under R.S. 47:301(10)(a). The purpose of this exemption is to clarify that fertilizers and containers are not taxable as a raw material.

#### **Legal Citation**

R.S. 47:305(D)(1)(f)

#### **Origin**

Acts 1948, No. 9

#### **Effective Date**

June 7, 1948

#### **Beneficiaries**

Commercial farmers

#### **Estimated Fiscal Effect**

This exemption was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. See number 121, sales tax section.

### **107. Sales of Natural Gas - Nonresidential**

This exemption allows tax-free sales of natural gas. The purpose of this exemption is to provide financial assistance to nonresidential consumers of natural gas.

#### **Legal Citation**

R.S. 47:305(D)(1)(g)

#### **Origin**

Acts 1948, No. 9; amended by Acts 1985, No. 258; Acts 1990, Act 476

#### **Effective Date**

June 7, 1948

#### **Beneficiaries**

Nonresidential consumers of natural gas

#### **Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. For the period 7/1/2015 - 3/31/2016, this statute was subject to 1% state sales tax as provided for under HCR 8 of the 2015 Legislative Session. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/2/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate until 3/31/2019. Beginning April 1, 2019, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. See number 105, sales tax section.



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# Sales Tax

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## { Exemptions }

### 108. Energy Sources Used as Boiler Fuel, Except Refinery Gas

This provision allows an exemption for all energy sources to be used as boiler fuel, except refinery gas. The use of residual or byproducts created or derived from the processing of a raw material would be excluded from the sales tax only when used by the producer. The purpose of this exemption is to provide a benefit to industries utilizing boilers in their operations.

#### Legal Citation

R.S. 47:305(D)(1)(h)

#### Origin

Acts 1973, Ex. Sess., No. 13; Amended by Acts 1996, No. 29; Acts 1998, No. 21; Acts 2000, No. 28; Acts 2002, No. 4

#### Effective Date

January 1, 1974

#### Comparable Provision

R.S.47:301(18)(d)(ii)

#### Beneficiaries

Any business that uses an energy source as a boiler fuel, except residual or byproducts or refinery gas

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. For the period 7/1/2015 - 3/31/2016, this statute was subject to 1% state sales tax as provided for under HCR 8 of the 2015 Legislative Session and the imposition of tax under R.S. 47:321 for a total tax rate of 2%. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. This exemption is subject to the full 5% tax rate during FYE 2017 and FYE 2018. Beginning July 1, 2018, this statute will be excluded from 2% of the 4% state sales tax and subject to a 2% tax rate until 3/31/2019. Beginning April 1, 2019, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$0	\$3,408,000

### 109. Trucks, Automobiles, and New Aircraft Removed from Inventory for Use as Demonstrators

This exemption allows new and used automobile and new aircraft dealers to remove trucks, automobiles or aircraft from inventory for demonstration purposes without being subject to the general sales tax. Demonstrator units are required to be on the dealers' premises during regular business hours to qualify for the exemption. The purpose of this exemption is to provide financial assistance to truck, automobile, and aircraft dealers.

#### Legal Citation

R.S. 47:305(D)(1)(i)

#### Origin

Acts 1962, No. 182; amended by Acts 1974, No. 186; Acts 1987, No. 847

#### Effective Date

August 1, 1962

#### Beneficiaries

Truck, automobile, and aircraft dealers

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. The Department is unaware of any airplane dealers in the state and is unable to estimate the fiscal effect as no data on these transactions could be provided by the Office of Motor Vehicles.

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# Sales Tax

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## { Exemptions }

### 110. Orthotic and Prosthetic Devices

This exemption allows tax-free sales of orthotic devices, including prescription eyeglasses, contact lenses, hearing aids, prosthetic, wheelchairs and wheelchair lifts when prescribed by physicians, optometrists or licensed chiropractors for personal consumption or use. The purpose of this exemption is to provide financial assistance to persons requiring these types of devices.

#### Legal Citation

R.S. 47:305(D)(1)(k)(i)

#### Origin

Acts 1973, Ex. Sess. No. 13, amended by Acts 1974, No. 186 and 627, amended by Acts 2007, No. 463, amended by Acts 2015, No. 468

#### Effective Date

January 1, 1974

#### Beneficiaries

Persons requiring orthotic and prosthetic devices, eyeglasses, contact lenses and wheelchairs

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,618,000	\$2,094,000

### 111. Ostomy, Colostomy, Ileostomy, and Other Appliance Devices

This exemption allows tax-free sales of ostomy, ileostomy, colostomy devices and any other appliance including catheters or any related items which is required as the result of any surgical procedure by which an artificial opening is created in the human body for the elimination of natural waste. The purpose of this exemption is to provide financial assistance to persons requiring these types of devices.

#### Legal Citation

R.S. 47:305(D)(1)(l)

#### Origin

Acts 1979, No. 145

#### Effective Date

January 1, 1986

#### Beneficiaries

Persons requiring ostomy, colostomy, ileostomy and other such devices

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$191,000	\$153,000

# Sales Tax

## { Exemptions }

### 112. Patient Aids for Home Use When Prescribed by a Physician

This exemption allows tax-free sales of patient aids prescribed by a physician or a licensed chiropractor for home use. The purpose of this exemption is to provide financial assistance to persons requiring these types of devices.

#### Legal Citation

R.S. 47:305(D)(1)(m)

#### Origin

Acts 1974, No. 186, amended by Acts 1985, No. 901

#### Effective Date

January 1, 1975

#### Beneficiaries

Persons requiring patient aids that are prescribed by a physician or licensed chiropractor

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$404,000	\$804,000

### 113. Medical Devices Used by Patients Under the Supervision of a Physician

This exemption allows tax-free sales of medical devices used exclusively by the patient in the medical treatment of various diseases. It also includes medical devices administered exclusively to the patient by a physician, nurse, or other health care professional or health care facility in the medical treatment of various diseases under the supervision of and prescribed by a licensed physician. The purpose of this exemption is to provide financial relief to persons requiring medical treatment of various diseases.

#### Legal Citation

R.S. 47:305(D)(1)(s)

#### Origin

Acts 1998, No. 38

#### Effective Date

June 24, 1998

#### Beneficiaries

Persons requiring medical treatment of various diseases

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2017. Beginning July 1, 2017, this statute was excluded from the 5% state sales tax and subject to a 0% tax rate through 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$23,136,000	\$18,509,000

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# Sales Tax

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## { Exemptions }

### 114. Restorative Materials Used by Dentists

This exemption allows tax-free sales of restorative materials utilized by or prescribed by dentists in the treatment of dental or health care diseases. It includes all orthotic devices, prosthetic devices, protheses and all dental devices used exclusively by the patient or administered exclusively to the patient by a dentist or dental hygienist in connection with dental or health care treatment. The purpose of this exemption is to provide financial relief to persons requiring dental treatment of various diseases.

#### Legal Citation

R.S. 47:305(D)(1)(t)

#### Origin

Acts 1991, No. 1065, amended by Acts 2002, No. 72

#### Effective Date

January 1, 1992

#### Beneficiaries

Persons requiring dental treatment

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$305,000	\$610,000

### 115. Adaptive Driving Equipment and Motor Vehicle Modification

This provision allows for the tax-free purchase of adaptive driving equipment and modifications to motor vehicles when prescribed by a physician, a licensed chiropractor, or a driver rehabilitation specialist licensed by the state. The purpose of this exemption is to provide financial assistance to persons requiring special driving equipment.

#### Legal Citation

R.S. 47:305(D)(1)(u)

#### Origin

Acts 1998, No. 37

#### Effective Date

June 24, 1998

#### Beneficiaries

Persons requiring specialized driving equipment

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$50,000	\$38,000

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# Sales Tax

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## { Exemptions }

### 116. Sales of Food by Certain Institutions

This exemption allows tax-free sales of food to staff and students of educational institutions, the staff and patients of hospitals and mental institutions and boarders in rooming houses, and similar institutions if the facility does not serve food to the general public and the meals are consumed on the premises. The purpose of this exemption is to provide financial relief to the staff and patients/boarders of certain institutions. In 2013, the statute was amended to exempt the sales of meals to the staff and residents of nursing homes, adult residential care providers, and continuing care retirement communities.

#### Legal Citations

R.S. 47:305(D)(2)

#### Origin

Acts 1973 Ex. Sess., No. 13; amended by Acts 2009, No. 473; Acts 2013, No. 271

#### Effective Date

January 1, 1974

#### Beneficiaries

Certain institutions

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$3,515,000	\$2,812,000

### 117. Sales of Bakery Products for Home Consumption

This exemption allows the sale of bakery products sold for consumption in the home to be tax free. The exemption applies whether the sale of the bakery product occurs in grocery stores, bakeries or donut shops that have facilities for consumption of food on the premises. The purpose of this exemption is to allow Louisiana donut shops to be competitive with other food for home consumption dealers.

#### Legal Citations

R.S. 47:305(D)(3)(b)

#### Origin

Acts 2015, No. 102

#### Effective Date

July 1, 2015

#### Beneficiaries

Louisiana donut shops

#### Estimated Fiscal Effect

This exclusion was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. The Louisiana Department of Revenue has no data on this exclusion and is unable to determine its estimated fiscal effect.

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# Sales Tax

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## { Exemptions }

### 118. Fees Paid by Radio and Television Broadcasters for the Rights to Broadcast Film, Video, and Tapes

This exemption allows the tax-free sale of the rights to broadcast copyrighted material. The purpose of this exemption is to provide financial assistance to broadcasters.

#### Legal Citation

R.S. 47:305(F)

#### Origin

Acts 1972, No. 234

#### Effective Date

July 26, 1972

#### Beneficiaries

Radio and television broadcasters

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exemption is \$0.

### 119. Sales of 50-Ton Vessels and New Component Parts and Sales of Certain Materials and Services to Vessels Operating in Interstate Commerce

This exemption allows the purchase of materials, equipment, and machinery that become component parts of ships, vessels, and barges with a 50-ton and over load displacement and the sale of qualifying ships, vessels, and barges to be exempt from sales tax. Drilling ships and barges are also exempt. This exemption also allows ships or vessels operating exclusively in foreign or interstate coastwise commerce to purchase materials and supplies, repair services, and laundry services tax free. The purpose of this exemption is to make Louisiana boat builders and boat-service businesses competitive with similar companies in other states.

#### Legal Citation

R.S. 47:305.1

#### Origin

Acts 1959, No. 51; amended by Acts 2002, No. 40 and 41; Acts 2006 1st ext. sess., No. 34

#### Effective Date

June 29, 1959

#### Beneficiaries

Builders of 50 ton and over ships, vessels, and barges and owners of ships, vessels and barges that operate in foreign or interstate commerce

#### Estimated Fiscal Effect

This exemption was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$21,621,000	\$17,297,000

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# Sales Tax

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## { Exemptions }

### 120. Sales of Insulin

This exemption allows tax-free sales of nonprescription insulin when used by consumers. Insulin when prescribed by a physician is excluded from tax under the Art. VII, Sec. 2.2 of the Louisiana Constitution. The purpose of this exemption is to provide financial assistance to persons requiring insulin.

**Legal Citation**

R.S. 47:305.2

**Origin**

Acts 1974, No. 183

**Effective Date**

January 1, 1975

**Beneficiaries**

Persons requiring insulin

**Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### 121. Sales of Seeds for Planting Crops

This exemption allows the tax-free sales of seeds to commercial farmers. Commercial farmers include those who grow crops for sale, as well as those who grow crops for live-stock, poultry, fish, and dairy animals. Seeds purchased by commercial farmers were already exempt as a raw material under R.S. 47:301(10)(a). The purpose of this exemption is to clarify that seeds are not taxable.

**Legal Citation**

R.S. 47:305.3

**Origin**

Acts 1960, No. 427

**Effective Date**

July 27, 1960

**Duplicate Provision**

R.S. 47:301(10)(e)

**Beneficiaries**

Commercial farmers

**Estimated Fiscal Effect**

This exemption was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$17,482,000	\$13,986,000

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# Sales Tax

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## { Exemptions }

### 122. Sales of Admission Tickets by Little Theater Organizations

This exemption allows the tax-free sale of Little Theater organization tickets. The purpose of this exemption is to provide financial assistance to qualifying theater organizations.

**Legal Citation**

R.S. 47:305.6

**Origin**

Acts 1962, No. 226

**Effective Date**

August 1, 1962

**Beneficiaries**

Little Theater organizations

**Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### 123. Tickets to Musical Performances by Nonprofit Musical Organizations

This exemption allows the tax-free sales of tickets from Louisiana-domiciled symphony organizations for the presentation of a musical performance. This exemption does not include performances given by symphony organizations domiciled in any other state or any performance intended to yield a profit to the promoter. The purpose of this exemption is to provide financial assistance to nonprofit symphony organizations.

**Legal Citation**

R.S. 47:305.7

**Origin**

Acts 1963, No. 124

**Effective Date**

July 1, 1963

**Beneficiaries**

Louisiana nonprofit symphony organizations

**Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$130,000	\$98,000



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# Sales Tax

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## { Exemptions }

### 124. Sales of Pesticides for Agricultural Purposes

This exemption allows the tax-free sale of pesticides for agricultural purposes. This exemption covers any preparation used in the control of insects, plant life, fungus, or any pest detrimental to agricultural crops, including the control of animal pests or diseases. The purpose of this exemption is to provide financial assistance to producers of agricultural products.

#### Legal Citation

R.S. 47:305.8

#### Origin

Acts 1964, No. 79

#### Effective Date

July 29, 1964

#### Beneficiaries

Producers of agricultural products

#### Estimated Fiscal Effect

This exemption was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,802,000	\$1,442,000

### 125. Rentals of Motion Picture Film to Commercial Theaters

This exemption allows commercial theaters to rent motion picture films exempt from sales tax. Most commercial theaters have changed their operations by obtaining films through joint ventures, which would not qualify for this exemption. The purpose of this exemption is to provide financial assistance to commercial theaters.

#### Legal Citation

R.S. 47:305.9

#### Origin

Acts 1964, No. 27

#### Effective Date

July 29, 1964

#### Beneficiaries

Commercial theaters

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

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# Sales Tax

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## { Exemptions }

### 126. Property Purchased for Exclusive Use Outside the State

This exemption allows tangible personal property purchased within or imported into Louisiana for first use exclusively beyond the territorial limits of Louisiana to be free from the sales tax. Tangible personal property that is purchased or imported tax free and later returned to Louisiana for use for a taxable purpose will be subject to the Louisiana use tax at the time it is returned. "Use for a taxable purpose" with regards to this exemption, does not include transportation beyond the territorial limit or back, repairs, modifications or fabrications and storing for first use offshore beyond the territorial limits of any state. Charges for repairs in Louisiana to tangible personal property for use in offshore areas are taxable except those described in R.S. 47:305(I).

#### Legal Citation

R.S. 47:305.10

#### Origin

Acts 1964, No. 172; amended by Acts 2005, No. 457

#### Effective Date

July 29, 1964

#### Beneficiaries

Businesses who purchase tangible personal property within Louisiana and use the property in the offshore area

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 3% of the 5% state sales tax and is subject to a 2% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$17,573,000	\$14,058,000

### 127. Additional Tax Levy on Contracts Entered into Prior to and Within 90 Days of Tax Levy

This exemption allows lump-sum contracts entered into within 90 days prior to a new tax levy to be exempt from the new tax levy. This exemption also allows contracts entered into within 90 days after a new tax levy is in effect to be exempt from that tax levy if the contracts involve contractual obligations undertaken prior to the effective date. The purpose of this exemption is to offer financial protection to contractors who enter into contracts based upon existing tax levies. Effective June 14, 2017, the statute was amended to include fixed fee and guaranteed maximum price contracts.

#### Legal Citation

R.S. 47:305.11

#### Origin

Acts 1970, No. 7; amended by Acts 2017, No. 209

#### Effective Date

July 29, 1970

#### Beneficiaries

Lump-sum, fixed fee, and guaranteed maximum price contractors

#### Estimated Fiscal Effect

This exemption was affected by Act 26 of the 2016 1st. Ex. Session. Taxpayers who were approved for this exemption are able to make purchases at the 4% state sales tax rate. The Department is unable to determine the magnitude of contracts that will remain eligible for exemption in FYE 2019; therefore, the estimated fiscal effect is shown as unable to anticipate in FYE 2019.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$3,542,000	Unable to anticipate

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# Sales Tax

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## { Exemptions }

### 128. Admissions to Entertainment by Domestic Nonprofit Charitable, Educational, and Religious Organizations

This exemption allows admissions to events sponsored by domestic nonprofit charitable, educational, and religious organizations to be exempt from sales tax. The funds raised, except for necessary expenses, must be used for the purposes for which the event was organized. The purpose of this exemption is to provide financial assistance to qualifying organizations.

#### Legal Citation

R.S. 47:305.13

#### Origin

Acts 1971, No. 125

#### Effective Date

June 28, 1971

#### Beneficiaries

Domestic nonprofit groups

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$63,000	\$47,000

### 129. Sales of Tangible Personal Property at or Admissions to Events Sponsored by Certain Nonprofit Groups

This exemption allows sales of tangible personal property at or admissions, and parking fees to certain events sponsored by nonprofit domestic, civic, educational, charitable, fraternal, or religious organizations, to be exempt from sales tax. All funds from the event, except necessary expenses, must be used for educational, charitable, religious, or historical restoration purposes. The purpose of this exemption is to provide financial assistance to qualifying organizations.

#### Legal Citation

R.S. 47:305.14(A)(1)(a)

#### Origin

Acts 1973, No. 89; amended by Acts 1991, No. 533 and 930

#### Effective Date

July 2, 1973

#### Beneficiaries

Qualifying nonprofit organizations

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,629,000	\$1,303,000

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# Sales Tax

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## { Exemptions }

### 130. Sales of Newspapers by Religious Organizations

This exemption allows religious organizations to sell newspapers without the collection of the general sales tax provided the charge for the newspaper does not exceed publication costs. The purpose of this exemption is to provide financial assistance to religious organizations. These newspapers would be eligible for the exclusion under R.S. 47:301(16)(p).

#### Legal Citation

R.S. 47:305.14(A)(1)(a)

#### Origin

Acts 1994, No. 39

#### Effective Date

June 7, 1994.

#### Beneficiaries

Qualifying religious organizations

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### 131. Sales by Thrift Shops on Military Installations

This exemption allows sales by thrift shops located on military installations to be eligible for the exemption provided for sales at events sponsored by nonprofit domestic charitable organizations. For purposes of this exemption, the sales by the thrift shops constitute an event. The beneficiaries of this exemption are the customers of the thrift shops. The purpose of this exemption is to provide financial assistance to customers who shop at thrift shops on military bases.

#### Legal Citation

R.S. 47:305.14(A)(4)

#### Origin

Acts 1994, No. 22

#### Effective Date

June 7, 1994

#### Beneficiaries

Customers of thrift shops located on military installations

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. See number 54, sales tax section.

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# Sales Tax

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## { Exemptions }

### **132. Sales to Nonprofit Literacy Organizations**

This exemption allows nonprofit literacy organizations that comply with the court order from the Dodd Brumfield decision and Section 501(c)(3) of the Internal Revenue Code to purchase tangible personal property and taxable services free of the general sales tax. The exemption is limited to purchases of books, workbooks, computer software, films, videos, and audio tapes. The purpose of this exemption is to provide financial assistance to qualifying organizations.

#### **Legal Citation**

R.S. 47:305.14(A)(5)

#### **Origin**

Acts 2002, No. 27

#### **Effective Date**

July 1, 2002

#### **Beneficiaries**

Qualifying nonprofit literacy organizations

#### **Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### **133. Sales or Purchases by Blind Persons Operating Small Businesses**

This exemption allows blind persons who sell or purchase tangible personal property in the operation of a small business to be exempt from sales tax. The purpose of this exemption is to relieve blind persons of the burden of collecting and reporting sales tax collections.

#### **Legal Citation**

R.S. 47:305.15(A)

#### **Origin**

Acts 1973, No. 61

#### **Effective Date**

July 2, 1973

#### **Beneficiaries**

Blind persons operating a business

#### **Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 - 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. See number 134, sales tax section.

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# Sales Tax

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## { Exemptions }

### 134. Purchases by Certain Organizations that Promote Training for the Blind

This exemption allows organizations that provide training for the blind and receive at least 75 percent of the organizations' funding from public funds to purchase goods and services free of the general sales tax. The purpose of this exemption is to provide financial assistance to blind organizations.

#### Legal Citation

R.S. 47:305.15(B)

#### Origin

Acts 1994, No. 26

#### Effective Date

August 15, 1994

#### Beneficiaries

Qualifying organizations for the blind

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$13,000	Negligible

### 135. Cable Television Installation and Repair Services

This exemption allows installation charges and repairs to hardware to be exempt from sales tax. This exemption was not necessary, as cable installation charges are a nontaxable service and repair services are performed on immovable equipment and are not subject to taxation. The purpose of this exemption is to clarify that cable television installation and repair services are not subject to the tax.

#### Legal Citation

R.S. 47:305.16

#### Origin

Acts 1974, No. 593

#### Effective Date

July 31, 1974

#### Beneficiaries

Television cable companies and their subscribers, if these charges were subject to tax

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Installation charges and charges for repairs to immovable property are not taxable. The estimated fiscal effect from this exemption is \$0.

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# Sales Tax

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## { Exemptions }

### 136. Receipts from Coin-Operated Washing and Drying Machines in Commercial Laundromats

This exemption allows receipts from coin-operated washing and drying machines to be exempt from sales tax if the machines are located in a commercial laundromat. The purpose of this exemption was to provide financial relief to commercial laundromats who were unable to collect sales tax rate increases from their customers. In 1996, the courts ruled that the revenue from coin-operated washing and drying machines were not subject to sales tax as a taxable service of cleaning.

#### Legal Citation

R.S. 47:305.17

#### Origin

Acts 1975, No. 423

#### Effective Date

September 12, 1975

#### Beneficiaries

Commercial coin-operated laundromats

#### Estimated Fiscal Effect

Courts have ruled that these receipts are not taxable. This exemption was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$285,000	\$228,000

### 137. Outside Gate Admissions & Parking Fees at Fairs, Festivals, & Expositions Sponsored by Nonprofit Organizations

This exemption allows certain gate admissions and parking fees to fairs, festivals, and expositions sponsored by Louisiana chartered nonprofit organizations to be exempt from sales tax. This exemption does not apply to any event intended to yield a profit to the promoter or any individual contracted to provide services or equipment for the event. The purpose of this exemption is to provide financial assistance to qualifying nonprofit organizations.

#### Legal Citation

R.S. 47:305.18

#### Origin

Acts 1975, No. 824

#### Effective Date

September 12, 1975

#### Beneficiaries

Nonprofit organizations

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

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# Sales Tax

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## { Exemptions }

### 138. Lease or Rental of Certain Vessels in Mineral Production

This exemption allows the vessels leased or rented for use offshore beyond the territorial limits of Louisiana for the production of oil, gas, sulphur, and other minerals to be exempt from sales tax. This exemption applies to production companies and their service companies. The purpose of this exemption is to provide financial assistance to the mineral-production industry.

#### Legal Citation

R.S. 47:305.19

#### Origin

Acts 1975, No. 818

#### Effective Date

September 12, 1975

#### Beneficiaries

Production companies and the company providing services to them

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,521,000	\$4,563,000

### 139. Purchases of Supplies, Fuels, and Repair Services for Boats Used by Commercial Fishermen

This exemption allows commercial fishermen to purchase tax-free materials, supplies, repair services, and fuel for the maintenance or operation of boats. Fishermen must apply for a license with the Department of Revenue. The purpose of this exemption is to provide financial assistance to commercial fishermen.

#### Legal Citation

R.S. 47:305.20(A)

#### Origin

Acts 1975, No. 811; Acts 2009, No. 446

#### Effective Date

September 12, 1975

#### Beneficiaries

Licensed commercial fishermen

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$644,000	\$515,000



# Sales Tax

## { Exemptions }

### 140. Certain Seafood-Processing Facilities

This exemption allows qualifying processors to purchase materials, supplies, and repair services exempt from the general sales tax. This exemption applies only to processing facilities that process seafood from vessels owned, leased, or contracted exclusively to the facility. The purpose of this exemption is to provide financial assistance to qualifying facilities.

#### Legal Citation

R.S. 47:305.20(C)

#### Origin

Acts 1991, No. 896

#### Effective Date

September 6, 1991

#### Beneficiaries

Qualifying seafood processing facilities

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$60,000	\$120,000

### 141. First \$50,000 of the Sales Price of Certain Farm Equipment and Attachments

This provision exempts the first \$50,000 of the sales price on qualifying farm equipment. Those items included under the original act have been protected from the suspension of exemptions. Such items include: rubber-tired farm tractors, cane harvesters, combines and cane loaders. Items later added to the exemption through amendments are subject to one percent tax. Effective October 1, 2017, polyroll tubing for commercial farm irrigation was added to the statute. The purpose of this exemption is to provide financial assistance to agricultural producers.

#### Legal Citation

R.S. 47:305.25

#### Origin

Acts 1978, No. 638; amended by Acts 1979, No. 787; Acts 1982, No. 167; Acts 1985, No. 836, Acts 2017, No. 424

#### Effective Date

September 8, 1978

#### Beneficiaries

Producers of agricultural products

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. R.S. 47:305.25 (A)(1), (2), and (3) were unaffected by legislation from the 2016 legislative sessions and was taxed at 0% for the period 4/1/2016 - 6/30/2016. It continues to be taxed at 0% for the period 7/1/2016 - 6/30/2018. Beginning July 1, 2018, R.S. 47:305.25 (A)(1),(2), and (3) will be excluded from the 4% state sales tax and subject to a 0% tax rate.

R.S. 47:305.25(A)(4) and (5) was taxed at 0% for the period 4/1/2016 – 6/30/2016. Currently, this particular statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, R.S. 47:305.25(A)(4) and (5) will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$7,635,000	\$6,042,000

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# Sales Tax

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## { Exemptions }

### **142. New Vehicles Furnished by a Dealer for Driver-Education Programs**

This exemption allows new-car dealers to withdraw new vehicles from inventory for use by secondary schools, colleges, or public school boards in accredited driver-education programs without payment of the sales tax. The purpose of this exemption is to encourage new-car dealers to donate the use of vehicles to schools for driver-education programs.

#### **Legal Citation**

R.S. 47:305.26

#### **Origin**

Acts 1978, No. 507

#### **Effective Date**

January 1, 1979

#### **Beneficiaries**

Schools using the vehicles and the new-car dealers

#### **Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. The Department is unable to estimate the fiscal effect as no data on these transactions could be provided by the Office of Motor Vehicles.

### **143. Sales of Gasohol (not subject to motor fuels tax)**

This exemption allows the sale of gasohol to be exempt when sold in Louisiana. The alcohol used in the gasohol must be produced, fermented, and distilled in Louisiana. La. Const. art. VII, §27 provides a sales tax exclusion for gasoline sold that has been subject to a Louisiana road use tax (See number 207, Sales Tax Section). This exemption exempts only gasohol sold where the road use tax has not been levied. The purpose of this exemption is to reduce the tax paid by consumers.

#### **Legal Citation**

R.S. 47:305.28

#### **Origin**

Acts 1979, No. 793

#### **Effective Date**

September 7, 1979

#### **Beneficiaries**

Consumers of gasohol for off-road use

#### **Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. See number 102, sales tax section.

# Sales Tax

## { Exemptions }

### 144. Construction Materials and Operating Supplies for Certain Nonprofit Retirement Centers

This exemption allows for the tax-free purchase of construction materials and operating supplies for certain nonprofit retirement centers owned or operated by any public trust authority or incorporated not-for-profit organization. The retirement center must serve as a multipurpose facility that offers unsupervised living units, supervised nursing-home facilities, and intermediate health care. The purpose of this exemption is to encourage a new concept in the care of the elderly.

**Legal Citation**

R.S. 47:305.33

**Origin**

Acts 1981, No. 876

**Effective Date**

September 11, 1981

**Beneficiaries**

Nonprofit multipurpose retirement centers

**Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Negligible	\$18,000

### 145. Leases of Motor Vehicles for Re-Lease or Re-Rent by Qualified Lessors

This exemption allows the tax-free purchase of motor vehicles, trailers, and semi-trailers used exclusively for leases or rentals.

**Legal Citation**

R.S. 47:305.36

**Origin**

Acts 1982, No. 415; amended by Acts 1984, No. 539; Acts 1985, No. 847; Acts 1991, No. 495

**Effective Date**

September 10, 1982

**Beneficiaries**

Louisiana rental dealers

**Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Negligible	\$15,000

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# Sales Tax

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## { Exemptions }

### 146. Sales of Certain Fuels Used for Farm Purposes

This exemption allows the tax-free purchase of diesel fuel, butane, propane, and other liquefied petroleum gases for farm use. The purpose of this exemption is to provide financial assistance to commercial farmers.

#### Legal Citation

R.S. 47:305.37

#### Origin

Acts 1982, No. 820; amended by Acts 1985, No. 511 and No. 621

#### Effective Date

January 1, 1983

#### Beneficiaries

Commercial farmers

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 1% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$3,533,000	\$3,604,000

### 147. Sales or Purchases by Certain Sheltered Workshops

This exemption allows certain sheltered workshops for the mentally incapacitated to sell and purchase tax free. The workshop must be used as a day developmental training center and licensed by the Department of Children and Family Services. The purpose of this exemption is to provide financial assistance to sheltered workshops.

#### Legal Citation

R.S. 47:305.38

#### Origin

Acts 1982, No. 242

#### Effective Date

September 10, 1982

#### Beneficiaries

Qualifying sheltered workshops

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 0% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$135,000	\$270,000

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# Sales Tax

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## { Exemptions }

### 148. Purchases of Certain Fuels for Private Residential Consumption

This exemption allows the tax-free purchase of butane, propane, and other liquefied petroleum goods used for private residential cooking and cleaning purposes. The purpose of this exemption is to provide financial assistance to consumers.

#### Legal Citation

R.S. 47:305.39

#### Origin

Acts 1983, No. 654; amended by Acts 1985, No. 622

#### Effective Date

July 1, 1984

#### Beneficiaries

Residential consumers

#### Estimated Fiscal Effect

Superseded by R.S. 47:301(10)(x). This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$319,000	\$255,000

### 149. Specialty Mardi Gras Items Purchased or Sold by Certain Organizations

This exemption originally allowed tax-free purchases of specialty items by carnival organizations and Louisiana domiciled nonprofit organizations. Acts 2005, No. 410 amended this exemption to allow tax free sales of specialty items for use in connection with Mardi Gras activities by qualifying organizations. The purpose of this exemption is to provide financial assistance to carnival and nonprofit organizations that sponsor Mardi Gras activities.

#### Legal Citation

R.S. 47:305.40

#### Origin

Acts 1985, No. 439, amended by Acts 2005, No. 410

#### Effective Date

September 6, 1985

#### Beneficiaries

Carnival and nonprofit organizations

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. See number 59, sales tax section.

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# Sales Tax

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## { Exemptions }

### 150. Purchases and Sales by Ducks Unlimited and Bass Life

This exemption allows Ducks Unlimited or Bass Life and their chapters to sell, purchase or rent items free from state and local sales tax. The purpose of this exemption is to provide financial assistance to these organizations. This provision has a related exemption under R.S. 47:305.43 which exempts certain transactions with nonprofit groups whose purpose is to conserve migratory waterfowl and fish.

#### Legal Citation

R.S. 47:305.41

#### Origin

Acts 1985, No. 512; amended by Acts 1998, No. 28

#### Effective Date

July 12, 1985

#### Beneficiaries

Ducks Unlimited and Bass Life

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Negligible	\$12,000

### 151. Tickets to Dance, Drama, or Performing Arts Presentations by Certain Nonprofit Organizations

This exemption allows domestic nonprofit organizations that present dance, drama, or performing arts to sell tickets to performances exempt from sales tax. The purpose of this exemption is to provide financial assistance to these nonprofit organizations.

#### Legal Citation

R.S. 47:305.42

#### Origin

Acts 1985, No. 513

#### Effective Date

July 12, 1985

#### Beneficiaries

Nonprofit organizations engaged in promoting dance, drama, or performing arts

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Negligible	\$18,000

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# Sales Tax

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## { Exemptions }

### 152. Nonprofit Organizations Dedicated to the Conservation of Fish and Migratory Waterfowl

This exemption allows nonprofit organizations dedicated exclusively to the conservation of fish or the migratory waterfowl of the North American Continent and to the preservation and conservation of wetland habitat of such waterfowl to sell items free from the state and local sales tax if the proceeds are used in furtherance of the organization's exempt purpose. Qualifying organizations will also be allowed to purchase items free from the state and local sales tax. The exemption will not apply to any event intended to yield a profit to the promoter or to any individual contracted to provide services or equipment for the event. The purpose of this exemption is to provide financial assistance to qualifying conservation groups. This provision has a related exemption under R.S. 47:305.41 which exempts certain transactions with Ducks Unlimited and Bass Life.

#### Legal Citation

R.S. 47:305.43

#### Origin

Acts 1985, No. 835; amended by Acts 1998, No. 28

#### Effective Date

September 6, 1985

#### Beneficiaries

Qualifying organizations dedicated to fish and migratory North American waterfowl

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Negligible	\$21,000

### 153. Raw Materials Used in the Printing Process

This exemption allows the tax-free purchase or sale of raw materials and certain other tangible personal property used to produce printed matter. This exemption applies to qualifying items manufactured by the printer or purchased from a contractor. The purpose of this exemption is to offer financial assistance to commercial printers.

#### Legal Citation

R.S. 47:305.44

#### Origin

Acts 1985, No. 847

#### Effective Date

July 23, 1985

#### Beneficiaries

Commercial printers

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

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# Sales Tax

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## { Exemptions }

### 154. Piggy-Back Trailers or Containers and Rolling Stock

This exemption allows the tax-free sale or lease of piggy-back trailers or containers and rolling stock. Per diem or car-hire charges are also exempted. Railroad companies and other operators of qualifying equipment are eligible for the exemption. Rail car leases are subject to the statutorily prescribed methods of taxation found in R.S. 47:301(4)(k) (see number 188, sales tax section). The purpose of this exemption is to provide financial assistance to railroads and other rail-car operators and piggy-back trailers. A similar exemption for rail rolling stock appears under R.S. 47:305.50(B).

#### Legal Citation

R.S. 47:305.45

#### Origin

Acts 1986, No. 476

#### Effective Date

July 1, 1986

#### Beneficiaries

Railroad companies and other operators of railroad transportation equipment

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 0% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. See number 159, sales tax section.

### 155. Pharmaceutical Samples Distributed in Louisiana

This exemption allows pharmaceutical samples to be exempt from sales and use tax when they are distributed without charge to physicians, dentists, clinics, and hospitals. The purpose of this exemption is to provide financial assistance to drug manufacturers.

#### Legal Citation

R.S. 47:305.47

#### Origin

Acts 1989, No. 383

#### Effective Date

June 30, 1989

#### Beneficiaries

Drug manufacturers

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.



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# Sales Tax

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## { Exemptions }

### 156. Catalogs Distributed in Louisiana

This exemption allows free catalogs distributed in Louisiana to be exempt from sales and use tax. Prior to the exemption, the tax was due on mail-order catalogs, but only enforceable on companies with a business situs in Louisiana. This exemption puts in-state and out-of-state companies on the same basis. The purpose of this exemption was to provide financial assistance to mail-order companies, especially those with a Louisiana presence.

#### Legal Citation

R.S. 47:305.49

#### Origin

Acts 1989, No. 796

#### Effective Date

September 3, 1989

#### Beneficiaries

Mail-order companies

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

### 157. Certain Trucks and Trailers Used 80 Percent in Interstate Commerce

This exemption allows the tax free purchase of trucks with a gross weight of 26,000 pounds or more and to trailers if the truck and trailer are to be used at least 80 percent of the time in interstate commerce and whose activities are subject to the jurisdiction of the United States Department of Transportation. For purposes of this exemption the terms “trucks” and “trailers” shall have the meanings ascribed to the terms truck, trailer, road tractor, semi-trailer, tandem truck, tractor, and truck-tractor in R.S. 47:451. The purpose of this exemption is to provide financial assistance to the owners of trucks operating in interstate commerce.

#### Legal Citation

R.S. 47:305.50(A)(1)(a)(i) and (b)(i)

#### Origin

Acts 1996, No. 8; amended by Acts 1998, No. 41; Acts 2000, No. 27; Acts 2002, No. 2; Acts 2007, No. 209

#### Effective Date

July 1, 1996

#### Beneficiaries

Purchasers of large trucks and trailers used 80 percent in interstate commerce

#### Estimated Fiscal Effect

This exemption was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$16,325,000	\$13,060,000

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# Sales Tax

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## { Exemptions }

### 158. Certain Contract Carrier Buses Used 80 Percent in Interstate Commerce

This provision allows certain contract carrier buses used 80 percent of the time in interstate commerce to be exempt from sales and use tax. The bus must meet the definition in the exemption, which requires the bus to be a commercial vehicle with a minimum capacity of 35 passengers and have a minimum gross weight of 26,000 lbs. The purpose of this exclusion is to provide financial assistance to large contract carrier buses operating in interstate commerce.

#### Legal Citation

R.S. 47:305.50(B)

#### Origin

Acts 1998, No. 41; amended by Acts 2000, No. 27 and Acts 2002, No. 2

#### Effective Date

June 30, 1998

#### Beneficiaries

Purchasers of large contract carrier buses used 80 percent in interstate commerce

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 1% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. See number 157, sales tax section.

### 159. Rail Rolling Stock Sold or Leased in Louisiana

This provision allows a state and local sales and use tax exemption for rail rolling stock sold or leased in Louisiana.

#### Legal Citation

R.S. 47:305.50(E)(1) See related exemption under R.S. 47:305.45.

#### Origin

Acts 1996, No. 36; amended by Acts 1998, No. 41; Acts 2005, No. 397

#### Effective Date

July 1, 1996

#### Sunset Date

June 30, 1998

#### Reestablished

July 1, 2005

#### Beneficiaries

Taxpayers who sell or lease rail rolling stock in Louisiana and their customers

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,524,000	\$3,048,000

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# Sales Tax

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## { Exemptions }

### 160. Rail Rolling Stock Repaired or Fabricated in Louisiana

This provision allows a state sales and use tax exemption for parts or services used in the fabrication, modification, or repair of rail rolling stock. Political subdivisions are authorized to provide by ordinance that the sales or use tax exemption provided by R.S. 47:305.50(F) (2) will not apply within their jurisdictions and that their sales or use taxes will be due on parts or services used in the fabrication, modification, or repair of rail rolling stock.

#### Legal Citation

R.S. 47:305.50(E)(2)

#### Origin

Acts 1996, No. 36; amended by Acts 1998, No. 41; Acts 2005, No. 397

#### Effective Date

July 1, 1996

#### Sunset Date

June 30, 1998

#### Reestablished

July 1, 2005

#### Beneficiaries

Taxpayers who sell or lease rail rolling stock in Louisiana and their customers

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,174,000	\$2,348,000

### 161. Sales of Railroad Ties to Railroads for Use in Other States

This provision creates a sales tax exemption for railroad ties purchased by a railroad prior to long-term preservative treatment and installed into the railroad's track system outside the jurisdiction.

#### Legal Citation

R.S. 47:305.50(F)

#### Origin

Acts 2009, No. 442

#### Effective Date

July 1, 2009

#### Beneficiaries

Railroads

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 4% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 3% of the 5% state sales tax and is subject to a 2% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exemption is \$0.

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# Sales Tax

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## { Exemptions }

### 162. Utilities Used by Steelworks and Blast Furnaces

This provision allows utilities, including electricity, used by steelworks and blast furnaces to be exempt from sales tax. The facility must employ more than 125 full-time workers and is classified as code 331111 of the North American Industry Classification System to qualify. The purpose of this exemption is to provide an economic incentive for a steel mill to locate in Louisiana.

#### Legal Citation

R.S. 47:305.51

#### Origin

Acts 1998, No. 28; amended by Acts 2001 1<sup>st</sup> Ex. Sess., No. 5; Acts 2002, No. 49; Acts 2004 1<sup>st</sup> Ex. Sess., No. 5; Acts 2009, No. 443

#### Effective Date

March 27, 2001

#### Beneficiaries

Any steel mill meeting the minimum requirements

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. See number 105, sales tax section.

### 163. Sickle Cell Disease Organizations

This exclusion provides a state and local sales tax exemption for nonprofit organizations that were established prior to 1975 conducting comprehensive programs on sickle cell disease which includes but is not limited to free education, free testing, free counseling, and free prescriptions, transportation, and food packages for sickle cell patients. The organizations are required to obtain exemption certificates from the Department of Revenue.

#### Legal Citation

R.S. 47:305.53

#### Origin

Acts 2005, No. 278

#### Effective Date

July 1, 2005

#### Beneficiaries

Sickle Cell disease organizations and their customers

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Negligible	\$18,000

# Sales Tax

## { Exemptions }

### 164. Annual Louisiana Sales Tax Holiday

This exclusion provides for an exemption from the state sales tax on the first consecutive Friday and Saturday of August each year, on the first \$2,500 of the purchase price of most individual items of tangible personal property. The exemption applies statewide to all consumer purchases of tangible personal property, other than vehicles subject to license and title and meals furnished for consumption on the premises, provided that the property is not for use in a business, trade, or profession.

#### Legal Citation

R.S. 47:305.54

#### Origin

Acts 2005, 1<sup>st</sup> Ex. Session No. 9; amended by Acts 2007, No. 244

#### Effective Date

First consecutive Friday and Saturday of August each year

#### Beneficiaries

Individual consumers

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 0% state sales tax. This statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,354,000	\$4,708,000

### 165. Sales of Original One-of-a-Kind Works of Art from Certain Locations

This exemption allows the sale of original one-of-a-kind works of art from an established location within the boundaries of a cultural product district without any sales tax.

#### Legal Citation

R.S. 47:305.57

#### Origin

Acts 2007, No. 298

#### Effective Date

January 1, 2008

#### Beneficiaries

Purchasers of original one-of-a-kind works of art

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$228,000	\$456,000

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# Sales Tax

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## { Exemptions }

### 166. Hurricane Preparedness Louisiana Sales Tax Holiday

This provision allows an exemption from the state sales and use tax from 12:01 a.m. on Saturday until 11:59 p.m. on Sunday during the last weekend in May of each year, on the first \$1500 of the purchase price of certain hurricane preparedness items or supplies.

#### Legal Citation

R.S. 47:305.58

#### Origin

Acts 2007, No. 429

#### Effective Date

The last weekend of May each year beginning at 12:01 a.m. on Saturday and ending at 11:59 p.m. on Sunday

#### Beneficiaries

Individuals purchasing hurricane preparedness items or supplies

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$34,000	\$68,000

### 167. Sale of Construction Materials to Habitat for Humanity, Fuller Center for Housing and Make it Right Foundation

This exemption allows Habitat for Humanity affiliates, Fuller Center for Housing covenant partners and the Make it Right Foundation to purchase construction supplies without the payment of sales or use tax when the materials are intended for use in constructing new residential dwellings in this state.

#### Legal Citation

R.S. 47:305.59

#### Origin

Acts 2007, No. 430; amended by Acts 2009, No. 464; amended by Acts 2011, No. 385

#### Effective Date

October 1, 2007 on purchases by Habitat for Humanity; July 1, 2009 on purchases by Fuller Center for Housing; and July 1, 2012 for purchases by Make it Right Foundation

#### Beneficiaries

Habitat for Humanity, Fuller Center for Housing and Make it Right Foundation

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

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# Sales Tax

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## { Exemptions }

### **168. Purchase of Certain Water Conservation Equipment for Use in the Sparta Groundwater Conservation District**

This provision allows for the purchase of certain water conservation equipment for use within the Sparta Groundwater Conservation District without the payment of sales or use tax. Prior to application for an exemption certificate, the applicant must receive certification from the Commissioner of Conservation that the equipment qualifies as water conservation equipment.

#### **Legal Citation**

R.S. 47:305.61

#### **Origin**

Acts 2007, No. 471

#### **Effective Date**

July 1, 2007

#### **Beneficiaries**

Purchasers of equipment, certified by the Commissioner of Conservation as water conservation equipment and used in the Sparta Groundwater District

#### **Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 0% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exemption is \$0.

### **169. Second Amendment Sales Tax Holiday**

This provision creates a three day sales tax holiday on consumer purchases of firearms, ammunition and hunting supplies for the first consecutive Friday through Sunday of September. The sales tax holiday is applicable to both state and local sales tax.

#### **Legal Citation**

R.S. 47:305.62

#### **Origin**

Acts 2009, No. 453

#### **Effective Date**

July 9, 2009

#### **Beneficiaries**

Individuals purchasing firearms, ammunition and hunting supplies

#### **Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 0% state sales tax. This statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. The estimated fiscal effect does not include the sale of off-road vehicles as this information was not provided by the Office of Motor Vehicles.

<b>Estimated Fiscal Effect</b>	
<b>FYE 6-18</b>	<b>FYE 6-19</b>
\$202,000	\$404,000

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# Sales Tax

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## { Exemptions }

### 170. Sales of Polyroll Tubing

This provision creates a state sales tax exemption for poly-roll tubing used for commercial farm irrigation.

#### Legal Citation

R.S. 47:305.63, R.S. 47:305.25(A)(6)

#### Origin

Acts 2009, No. 450, amended by Acts 2017, No. 378.

#### Effective Date

July 8, 2009

#### Beneficiaries

Commercial farmers

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 0% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 9/30/2017. Beginning 10/1/2017, this statute was excluded for the 5% state sales tax and subject to a 0% tax rate. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$157,000	\$148,000

### 171. Purchase, Lease or Repair of Certain Capital Equipment and Computer Software by Qualifying Radiation Therapy Treatment Centers

This provision creates a state sales tax exemption for the purchase, lease or repair of capital equipment or software used to operate capital equipment at qualifying radiation therapy centers. Local taxing authorities may elect to grant this exemption.

#### Legal Citation

R.S. 47:305.64

#### Origin

Acts 2009, No. 450; amended by Acts 2011, No. 296, amended by Acts 2017, No. 424.

#### Effective Date

July 1, 2009

#### Beneficiaries

Mary Bird Perkins Cancer Center, Biomedical Research Foundation, OncoLogics, Inc., Willis-Knighton Health Systems

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 0% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. This statute was excluded from 2% of the 5% state sales tax and was subject to a 3% tax rate for the period 7/1/2016 - 6/30/2017. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate until 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exemption is \$0.



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# Sales Tax

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## { Exemptions }

### 172. Purchases of Construction Materials by Hands on New Orleans and Rebuilding Together New Orleans

This provision creates a state and local sales tax exemption for the purchase of construction materials by Hands on New Orleans and Rebuilding Together New Orleans covenant partners. The materials purchased must be used for constructing, rehabilitating, or renovating residential dwellings in this state which were destroyed or damaged by Hurricane Katrina or Hurricane Rita. The exemption is limited to no more than \$500,000 in any calendar year.

#### Legal Citation

R.S. 47:305.65

#### Origin

Acts 2009, No. 450

#### Effective Date

July 1, 2009

#### Beneficiaries

Hands on New Orleans and Rebuilding Together New Orleans Covenant Partners

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exemption is \$0.

### 173. Parish Councils on Aging

This provision creates a state sales and use tax exemption for the sixty-four nonprofit parish Councils on Aging located in the state which are supervised by the Office of Elderly Affairs of the Governor's Office. These organizations are dedicated to delivering state-approved services directly to senior citizens.

#### Legal Citation

R.S. 47:305.66

#### Origin

Acts 2011, No. 53

#### Effective Date

October 1, 2011

#### Beneficiaries

Parish Councils on Aging

#### Estimated Fiscal Effect

This exemption was not affected by legislation from the 2016 sessions. Currently, this statute is excluded from the 5% state sales tax and is subject to a 0% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$20,000	\$16,000

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# Sales Tax

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## { Exemptions }

### 174. Purchases of Breastfeeding Items

This provision creates a state sales and use tax exemption for purchases of breast pumps and accessories, replacement parts, storage bags and accessories, and nursing bras.

**Legal Citation**

R.S. 47:305.67

**Origin**

Acts 2011, No. 331

**Effective Date**

October 1, 2011

**Beneficiaries**

Purchasers of breast feeding items

**Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 0% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$15,000	\$30,000

### 175. Purchases by the Fore!Kids Foundation

This provision creates a state sales and use tax exemption for the purchase, use, or rental of materials, services, property, and supplies by the Fore!Kids Foundation whose primary purpose is to fund children's service organizations from monies raised from golfing events.

**Legal Citation**

R.S. 47:305.68

**Origin**

Acts 2011, No. 374

**Effective Date**

October 1, 2011

**Beneficiaries**

Fore!Kids Foundation

**Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 0% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Based on sales tax return data, the estimated fiscal effect of this exclusion is negligible.

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# Sales Tax

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## { Exemptions }

### **176. Purchase of a Motor Vehicle Modified for Use by an Orthopedically Disabled Person**

This provision creates a state sales and use tax rebate on the purchase of a motor vehicle modified for use by a person who is orthopedically disabled. The provision is applicable to motor vehicle purchases made between January 1, 2010 and June 30, 2013.

#### **Legal Citation**

R.S. 47:305.69

#### **Origin**

Acts 2011, No. 379

#### **Effective Date**

October 1, 2011

#### **Sunset Date**

June 30, 2013

#### **Beneficiaries**

Purchasers of a vehicle modified for use by an orthopedically disabled person

#### **Estimated Fiscal Effect**

Exclusion sunsetted.

### **177. Sale of Construction Materials to the Make it Right Foundation**

This exemption allows the Make it Right Foundation to purchase construction supplies without the payment of sales or use tax when the materials are intended for use in constructing new residential dwellings in this state.

#### **Legal Citation**

R.S. 47:305.70

#### **Origin**

Acts 2011, No. 387

#### **Effective Date**

July 1, 2012

#### **Beneficiaries**

Make it Right Foundation

#### **Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 0% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. See number 167, sales tax section.

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# Sales Tax

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## { Exemptions }

### **178. Sale of Construction Materials to the St. Bernard Project, Inc.**

This provision allows the St. Bernard Project, Inc. to purchase construction supplies without the payment of sales or use tax when the materials are intended for use in rehabilitating existing residential dwellings or constructing new residential dwellings in this state.

#### **Legal Citation**

R.S. 47:305.71

#### **Origin**

Acts 2013, No. 300

#### **Effective Date**

July 1, 2013

#### **Beneficiaries**

The St. Bernard Project, Inc.

#### **Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 2% of the 5% state sales tax and is subject to a 3% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exemption is \$0.

### **179. Antique Airplanes Held by Private Collectors and not used for Commercial Purposes**

This exemption allows the tax-free purchase of antique aircraft by collectors. Many of these sales are also exempted under the isolated or occasional sale provision of R.S. 47:301(10)(c) (See number 4, Sales Tax Section). The aircraft must be manufactured at least 25 years prior to the date of purchase. The purpose of this exemption was to provide financial assistance to antique aircraft collectors.

#### **Legal Citation**

R.S. 47:6001

#### **Origin**

Acts 1980, No. 567

#### **Effective Date**

September 12, 1980

#### **Beneficiaries**

Collectors of antique aircraft

#### **Estimated Fiscal Effect**

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was subject to 1% state sales tax. It was taxed at 5% for the period 4/1/2016 – 6/30/2016. Currently, this statute is excluded from 1% of the 5% state sales tax and is subject to a 4% tax rate for the period 7/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from 3% of the 4% state sales tax and subject to a 1% tax rate. Data indicates this exemption was not reported by taxpayers on the sales tax return. The estimated fiscal effect of this exemption is \$0.

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# Sales Tax

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## { Alternate-Reporting Methods }

### **180. Certain Interchangeable Components; Optional Method to Determine**

This alternate-reporting method allows importers or users of certain measurement-while-drilling equipment to store equipment in the state without paying the use tax due upon importation. Instead, taxes would be paid on 1/100 of the total material cost of all equipment stored within Louisiana each month. The purpose of this method is to offer relief from use tax on equipment stored in Louisiana, but seldom used in this state.

#### **Legal Citation**

R.S. 47:301(3)(d)

#### **Origin**

Acts 1990, No. 719

#### **Effective Date**

July 1, 1990

#### **Beneficiaries**

Companies that use certain measurement-while-drilling equipment

#### **Estimated Fiscal Effect**

This alternate reporting method was not affected by legislation from the 2016 sessions. This is an alternate reporting method, not an exemption, and will likely result in timing differences on taxes remitted. The estimated fiscal effect of this statute is \$0.

### **181. Helicopters Leased for Use in the Extraction, Production, or Exploration for Oil, Gas, or Other Minerals**

This alternate-reporting method allows the lease or rental of certain helicopters used in the extraction, production, and exploration of oil, gas, and other minerals to be considered a sale of tangible personal property with an extended period of time allowed to remit any taxes due.

Helicopters acquired through a lease, rental, lease-purchase, or similar transaction by a company involved in the extraction, production, or exploration for oil, gas, or other mineral qualify for this method. Helicopters used by companies providing service to qualifying companies also qualify for this alternate-reporting method. Qualifying companies do not pay sales tax on lease or rental payments, but remit the tax on the sales price in equal installments over the terms of the lease, rental, or lease-purchase contract.

#### **Legal Citation**

R.S. 47:302.1

#### **Origin**

Acts 1984, No. 353

#### **Effective Date**

July 2, 1984

#### **Beneficiaries**

Companies involved in the extraction, production, or exploration for oil, gas, or other minerals

#### **Estimated Fiscal Effect**

This alternate reporting method was not affected by legislation from the 2016 sessions. This is an alternate reporting method, not an exemption, and will likely result in timing differences on taxes remitted. The estimated fiscal effect of this statute is \$0.

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# Sales Tax

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## { Alternate-Reporting Methods }

### **182. Cash-Basis Sales Tax Reporting and Remitting for Health and Fitness Club Membership Contracts**

This alternate-reporting method allows health clubs to report and remit sales taxes on a cash basis and to report the receipts net of any imputed interest or collection fees. The purpose of this alternate-reporting method is to relieve clubs from the taxes on unpaid membership contracts.

#### **Legal Citation**

R.S. 47:303(F)

#### **Origin**

Acts 1985, No. 661; Amended by Acts 1987, No. 379

#### **Effective Date**

September 30, 1985

#### **Beneficiaries**

Health and fitness clubs

#### **Estimated Fiscal Effect**

This alternate reporting method was not affected by legislation from the 2016 sessions. This is an alternate reporting method, not an exemption, and will likely result in timing differences on taxes remitted. The estimated fiscal effect of this statute is \$0.

### **183. Cash-Basis Reporting Procedure for Rental and Lease Transactions**

This alternative method of tax payment allows lessors of tangible personal property to report and remit sales tax due after payment is collected rather than in the period that the rental or lease occurred. The purpose of this alternate-reporting method is to relieve lessors from the taxes on unpaid rental fees. This method of tax payment allows the lessors to avoid the loss of sales taxes remitted on transactions that ultimately become bad debts.

#### **Legal Citation**

R.S. 47:306(A)(2)

#### **Origin**

Acts 1985, No. 867

#### **Effective Date**

July 23, 1985

#### **Beneficiaries**

Lessors of property

#### **Estimated Fiscal Effect**

This alternate reporting method was not affected by legislation from the 2016 sessions. This is an alternate reporting method, not an exemption, and will likely result in timing differences on taxes remitted. The estimated fiscal effect of this statute is \$0.

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# Sales Tax

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## { Alternate-Reporting Methods }

### **184. Collection from Interstate and Foreign Transportation Dealers**

This alternative method of tax payment allows transportation companies operating in interstate and foreign transportation of passengers or property to remit taxes based upon the percentage of Louisiana miles to total miles. Per Acts 2005, No. 126, "Louisiana mileage" shall not include mileage in Louisiana that is a segment or part of a stream of trade, traffic, transportation, or movement of passengers or property between a point in this state and a point located offshore beyond the territorial limits of any state. The Act also provides that a unit of transportation measurement other than mileage may be used if appropriate based on industry custom and type of transportation. Those transportation dealers registered under R.S. 47:306.1 on June 22, 2005, and who provide transportation between points in Louisiana and points offshore outside the territorial limits of any state during the sales and use tax period immediately preceding June 22, 2005 are deemed to have elected to report under these statutes and shall begin reporting in accordance with them in lieu of R.S. 47:306.1 unless the taxpayer notifies the secretary to the contrary.

#### **Legal Citation**

R.S. 47:306.1, R.S. 47:306.2

#### **Origin**

Acts 1956, No. 438; amended by Acts 2005, No. 126

#### **Effective Date**

August 1, 1956

#### **Beneficiaries**

Interstate and foreign transportation dealers

#### **Estimated Fiscal Effect**

This alternate reporting method was not affected by legislation from the 2016 sessions. This is an alternate reporting method, not an exemption, and will likely result in timing differences on taxes remitted. The estimated fiscal effect of this statute is \$0.

## { Statutorily Prescribed Methods of Taxation }

### **185. Extended Time to Register Mobile Homes**

This provision allows purchasers of mobile homes, as defined by R.S. 9:1149.2(3), to extend the time to apply for a certificate of title from five days after delivery to the 20<sup>th</sup> day of the month following the month of delivery of the home. This allows between 20 to 50 days to apply for a title. If a mobile home is immobilized prior to registration, the mobile home is not subject to sales tax. The purpose of this provision is to allow purchasers of mobile homes more time to immobilize the mobile home. However, beginning 1/1/2010, new legislation eliminates the ability of manufactured home purchasers to avoid paying tax through an act of immobilization.

#### **Legal Citation**

R.S. 32:707(A)

#### **Origin**

Acts 1997, No. 272; amended by Acts 2009, No. 500

#### **Effective Date**

July 1, 1997

#### **Beneficiaries**

Purchasers of mobile homes that immobilize them at the time of purchase

#### **Estimated Fiscal Effect**

This statute was amended to eliminate the ability of manufactured home purchasers to avoid paying tax through an act of immobilization. This statutorily prescribed method of taxation was not affected by legislation from the 2016 sessions. This is a statutorily prescribed method of taxation, not an exemption, and will likely result in timing differences on taxes remitted. The estimated fiscal effect of this statute is \$0.

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# Sales Tax

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## { Statutorily Prescribed Methods of Taxation }

### 186. “Sales or Cost Price” of Refinery Gas

These exclusions define the valuation of refinery gas, except feedstock, either sold or produced. This value is determined for each calendar year. Sales of such property are subject to tax under R.S. 47:301(13)(d) and the use of such property by the producer is subject to the tax under R.S. 47:301(3)(f). The price of refinery gas shall be the maximum of 52¢ per MCF multiplied by a fraction the numerator of which shall be the posted price for a barrel of West Texas Intermediate Crude Oil on December 1 of the preceding calendar year and the denominator of which shall be \$29. This valuation applies to both state and local governments. The valuation for calendar year 2016 is \$0.728 and for calendar year 2017 is \$0.916. This valuation is identical to the valuation originally set under R.S. 47:305(D)(1)(h) (See Number 108, Sales Tax Section).

#### Legal Citation

R.S. 47:301(3)(f), R.S. 47:301(13)(d)

#### Origin

Acts 1996, No. 29; amended Acts 2004, No. 49;  
Acts 2005, No. 458

#### Effective Date

July 2, 1996

#### Beneficiaries

Refineries producing refinery gas

#### Estimated Fiscal Effect

This is a valuation formula only. This statutorily prescribed method of taxation was not affected by legislation from the 2016 sessions. The estimated fiscal effect of this statute is \$0.

### 187. News Publications Distributed at No Cost to Readers

This provision sets the cost price of news publications that are distributed at no cost to their readers. In order for the method to apply, the publisher of the news publication must pay unrelated third parties to print the news publication. The cost price is the lesser of the following costs: (1) the printing costs paid to unrelated third parties to print such news publications, less any itemized freight charges for shipping the publication to the publisher or (2) payments to a dealer or distributor as consideration for distribution of the news publication

#### Legal Citation

R.S. 47:301(3)(h)

#### Beneficiaries

Publishers of news publications that are distributed at no cost to their readers

#### Estimated Fiscal Effect

This is a valuation formula only. This statutorily prescribed method of taxation was not affected by legislation from the 2016 sessions. The estimated fiscal effect of this statute is \$0.



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# Sales Tax

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## { Statutorily Prescribed Methods of Taxation }

### **188. Leases or Rentals of Railroad Rolling Stock & Leases or Rentals by Railway Companies & Railroad Corporations**

This alternate-reporting method removes lessors or renters of railroad rolling stock from the requirement to charge the lease or rental tax to their lessees. This alternate-reporting method still requires lessees or rentees, with the exception of railway companies or railroad corporations, to self-assess the lease or rental tax and remit the tax directly to the state. The purposes of this method are to relieve the lessors or renters of railroad rolling stock from the burden of collecting the rental tax on rolling stock and to provide relief to railway companies and railroad corporations from the lease or rental tax.

#### **Legal Citation**

R.S. 47:301(4)(k)

#### **Origin**

Acts 1990, No. 444

#### **Effective Date**

September 7, 1990

#### **Beneficiaries**

Louisiana lessors/rentors of rail rolling stock and railway companies

#### **Estimated Fiscal Effect**

This statutorily prescribed method of taxation was not affected by 2016 legislation. This is a statutorily prescribed method of taxation, not an exemption, and will likely result in timing differences on taxes remitted. The estimated fiscal effect of this statute is \$0.

### **189. Sales Through Coin-Operated Vending Machines**

This exclusion allows sales of tangible personal property through vending machines to be free of sales tax. This exclusion defines the sale to the dealer for resale in a vending machine to be a retail sale. The vending machine company is subject to tax on the purchase price of the property. No additional sales tax is due on the subsequent sale through the vending machine. The purpose of this exclusion is to define the taxable point of sale and to simplify the collection and reporting of the tax.

#### **Legal Citation**

R.S. 47:301(10)(b)(i)

#### **Origin**

Acts 1978, No. 756

#### **Effective Date**

September 8, 1978

#### **Beneficiaries**

Dealers who sell their product through vending machines

#### **Estimated Fiscal Effect**

This statutorily prescribed method of taxation was not affected by 2016 legislation. This is a statutorily prescribed method of taxation, not an exemption, it has no reporting requirement for the data, and will likely result in timing differences on taxes remitted.

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# Sales Tax

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## { Credit }

### 190. Vendor's Compensation

This credit compensates the dealer in accounting for and remitting the sales tax. Each dealer is allowed to deduct 1.1 percent from the tax due provided the reports are submitted and paid to the Department of Revenue on a timely basis. The purpose of this credit is to compensate the dealer in accounting for and remitting the sales taxes.

Effective July 1, 2013, the vendor's compensation rate was reduced to 0.935 percent. Act 15 of the 2016 1st Ex. Sess. limited the total vendor's compensation for a dealer who operated one or more business locations within Louisiana to \$1,500 per calendar month. It also prohibits vendor's compensation on the 1% sales tax levied under R.S. 47:321.1.

#### Legal Citation

R.S. 47:306(A)(3)(a)

#### Origin

Acts 1948, No. 9; amended by Acts 1986, No. 916; Acts 1991, No. 709; Acts 1995, No. 1186; Acts 1996, 1st Ex. Sess., No. 32; Acts 1998, 1st Ex. Sess., No. 50; Acts 2001, No. 7; Acts 2013, No. 425; Acts 2016, 1st Ex. Sess., No. 15

#### Effective Date

June 7, 1948

#### Beneficiaries

Dealers who report and remit taxes on a timely basis

#### Estimated Fiscal Effect

This credit was affected by Act 15 of the 2016 1st Ex. Sess.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$19,305,000	\$19,691,000

### 191. Costs to Reprogram Cash Registers

This credit allowed dealers to claim up to \$25 per register to recoup costs incurred to reprogram cash registers because of changes in the sales tax rate or base. The purpose of this credit was to compensate taxpayers for costs to reprogram cash registers because of tax changes.

#### Legal Citation

Acts 1990, No. 386, Section 4 ---repealed by Acts 2016, 1st Ex. Sess., No. 25

#### Origin

Acts 1990, No. 386

#### Effective Date

July 12, 1990

#### Beneficiaries

Dealers collecting Louisiana sales tax

#### Estimated Fiscal Effect

This credit was affected by legislation from the 2016 sessions. This credit is no longer in effect.

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# Sales Tax

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## { Refunds }

### **192. Sales Tax Remitted on Bad Debts from Credit Sales**

This refund provision grants financial relief to vendors who remit sales taxes to the state that they are subsequently unable to collect from their customers. The sales tax bad-debt recovery provision does not include rentals and leases. The purpose of this refund was to allow taxpayers a refund of sales taxes remitted to the Department, but not collected from their customers.

#### **Legal Citation**

R.S. 47:315

#### **Origin**

Acts 1976, No. 153; amended by Acts 1985, No. 516

#### **Effective Date**

July 20, 1976

#### **Beneficiaries**

Vendors who have remitted the tax on credit sales of tangible personal property that ultimately was uncollectible from their customers

#### **Estimated Fiscal Effect**

During fiscal year 2016 - 2017, \$1,112,539 in sales tax refunds were issued for bad debts on credit sales. This refund statute was not affected by legislation from the 2016 sessions. The Department is unable to estimate the future fiscal effect of this refund since it fluctuates from year to year.

### **193. State Sales Tax Paid on Property Destroyed in a Natural Disaster**

This refund provision gives financial assistance to persons who have suffered uninsured losses in natural disasters. The sales tax paid on destroyed property can be refunded upon the filing of a proper claim. The refund is based upon taxes paid by the owner on the destroyed property. The purpose of this refund is to provide financial relief to persons who have suffered uninsured losses in natural disasters.

#### **Legal Citation**

R.S. 47:315.1

#### **Origin**

Acts 1970, No. 592; amended by Acts 1972, No. 592; Acts 1973, No. 60, Acts 2001, No. 1032

#### **Effective Date**

August 17, 1969

#### **Beneficiaries**

Owners of property destroyed by a natural disaster in an area determined by the President of the United States to need federal assistance

#### **Estimated Fiscal Effect**

During fiscal year 2016 - 2017, \$450,937 in sales tax refunds were issued for state sales tax paid on property destroyed in a natural disaster. This refund statute was not affected by legislation from the 2016 sessions. The Department is unable to estimate the magnitude of natural disasters occurring in Louisiana in the future; therefore, the department is unable to estimate the future fiscal effects.

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# Sales Tax

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## { Refunds }

### **194. Materials Used in the Construction, Restoration, or Renovation of Housing in Designated Areas**

This refund provision offers a financial incentive to persons who renovate, restore, or rehabilitate existing structures or who construct new housing in certain blighted areas of the state. These areas are determined by local governing authorities. The purpose of this refund provision is to encourage people to improve the conditions of the blighted areas.

#### **Legal Citations**

R.S. 47:315.2, R.S. 40:582.1-582.7, R.S. 47:1515.1

#### **Origin**

Acts 1984, No. 292

#### **Effective Date**

September 3, 1984

#### **Beneficiaries**

People engaged in construction or renovation of real property in certain blighted areas of the state

#### **Estimated Fiscal Effect**

No refunds issued in previous years. This refund statute was not affected by legislation from the 2016 sessions. The Department is unable to determine the level of future qualifying structures eligible for the refund; therefore, The Department is unable to estimate the future fiscal effects.

### **195. Purchases or Leases of Durable Medical Equipment Paid by or Under Provisions of Medicare**

This refund provision allows a person paying tax on the purchase or rental of durable medical equipment that is paid by or under the provisions of Medicare to request a refund of the state taxes paid. Most qualifying purchases are already exempted from the state sales tax under pertinent provisions of R.S. 47:305(D). However, leases are not.

#### **Legal Citation**

R.S. 47:315.3

#### **Origin**

Acts 1994, No. 25

#### **Effective Date**

August 15, 1994

#### **Beneficiaries**

Purchasers and lessees of qualifying durable medical equipment

#### **Estimated Fiscal Effect**

This statute was not affected by legislation from the 2016. The Department is unable to estimate the future fiscal effect of this refund since it fluctuates from year to year.

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# Sales Tax

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## { Refunds }

### 196. Sales Tax Collected by a Qualified Charitable Institution

This provision allows a restricted refund of sales tax collected by a qualified charitable institution on the sale of donated tangible personal property or items made from donated property. The refund must be used exclusively in Louisiana for land acquisition, capital construction, or equipment, or related debt service or job training, job placement, employment, or other related community services and support program costs.

#### Legal Citation

R.S. 47:315.5

#### Origin

Acts 2007, No. 464

#### Effective Date

January 1, 2008

#### Beneficiaries

Qualified charitable institutions that sell donated tangible personal property or items made from donated property

#### Estimated Fiscal Effect

This refund statute was affected by legislation from the 2016 sessions. No refunds were allowed for the period 4/1/2016 – 6/30/2016. Currently, a refund is allowed on 2% of the 5% state sales tax for the period 7/1/2016 – 6/30/2018. The remaining 3% state sales tax is required to be remitted for the period 7/1/2016 - 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate. No refunds issued in previous years. The estimated fiscal effect of this exemption is \$0.

### 197. Louisiana Tax Free Shopping Program

This provision offers refunds of state and local sales taxes on certain purchases to international tourists to encourage increased tourism in Louisiana. By paying an annual \$100 fee, merchants will be included in a listing of tax-free stores that is distributed to international tourists. The purpose of the refund provision is to encourage tourists to purchase goods in Louisiana, which in turn benefits the retail dealers.

#### Legal Citation

R.S. 51:1301

#### Origin

Acts 1988, No. 535; amended Acts 2001, 1<sup>st</sup> Ex. Sess. No. 7; Acts 2004 1<sup>st</sup> Ex. Sess., No. 14; Acts 2006, No. 76; Acts 2008, No. 232, Acts 2012, No. 435

#### Effective Date

July 8, 1988

#### Sunset Date

July 1, 2023

#### Beneficiaries

International tourists who travel and make purchases in Louisiana and the merchants who participate in the program

#### Estimated Fiscal Effect

This exemption was affected by legislation from the 2016 sessions. Prior to 4/1/2016, this statute was exempt from the entire 4% state sales tax. Currently, this statute is excluded from 4% of the 5% state sales tax and is subject to a 1% tax rate for the period 4/1/2016 – 6/30/2018. Beginning July 1, 2018, this statute will be excluded from the 4% state sales tax and subject to a 0% tax rate.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,056,000	\$1,077,000

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# Sales Tax

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## { State Exemptions with Prohibitions on Taxation }

### 198. Purchases Made with Food Stamps and WIC Vouchers

This exemption allows tax-free purchases of eligible food items if purchased with USDA food stamps or Women, Infants, and Children's (WIC) vouchers. The federal government issues food stamps and WIC vouchers to qualified participants to purchase eligible food items. States are not allowed to tax these purchases as a requirement for receiving federal funding for the food stamp and WIC programs. Repeal of this exemption would cost the state federal food stamp funding. The purpose of this exemption is to comply with the federal government's restrictions.

#### Legal Citation

R.S. 47:305.46

#### Origin

Acts 1986, No. 1028

#### Effective Date

October 1, 1987

#### Beneficiaries

Purchasers using food stamps and WIC vouchers

#### Estimated Fiscal Effect

Food items eligible to be purchased with food stamps or WIC vouchers would also fall under the constitutional exclusion as food for home consumption.

This constitutional exclusion was not affected by legislation from the 2016 sessions.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$28,951,000	\$23,161,000

### 199. Credit for Sales and Use Taxes Paid to other States on Property Imported into Louisiana

This credit allows a person or company to reduce any use tax due by the equivalent sales tax lawfully paid to another qualified state. In order to qualify, the other state must allow a similar credit for Louisiana taxes and the tax charged must be similar in nature. The state of Louisiana has entered into agreements with other states to allow similar credits for Louisiana residents. The purpose of this provision is to reciprocate for the credit allowed by other states.

#### Legal Citation

R.S. 47:303(A)(3)(a)

#### Origin

Acts 1964, No. 171; amended Acts 2005, No. 394

#### Effective Date

July 29, 1964

#### Beneficiaries

Persons and companies importing property into this state

#### Estimated Fiscal Effect

This credit was not affected by legislation from the 2016 sessions.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,531,000	\$1,225,000

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# Sales Tax

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## { State Exemptions with Prohibitions on Taxation }

### **200. Credit for Use Tax Paid on Automobiles Imported by Certain Members of the Armed Services**

This provision allows a credit to Louisiana residents, who have served in the armed services for two years or more, for sales taxes paid on automobiles. This credit will be honored for state and local taxes paid to any other state. The purpose of this credit is to provide financial assistance to members of the armed services.

#### **Legal Citation**

R.S. 47:303(A)(3)(a)

#### **Origin**

Acts 1965, No. 122; amended Acts 2005, No. 394

#### **Effective Date**

July 28, 1965

#### **Beneficiaries**

Louisiana residents who serve in the armed services

#### **Estimated Fiscal Effect**

This credit was not affected by legislation from the 2016 sessions. The Department is unable to estimate the fiscal effect as no data on these transactions could be provided by the Office of Motor Vehicles.

### **201. Use of Vehicles in Louisiana by Active Military Personnel**

This exemption allows active military personnel to transfer motor vehicles into Louisiana exempt from sales tax under the following conditions:

- the personnel is on active duty in Louisiana;
- sales tax was collected in the state that the vehicle was purchased; and,
- the purchaser was a resident or stationed on military duty in the state that the vehicle was purchased.

The vehicle becomes subject to Louisiana sales tax when the person leaves active military service. A credit is allowed for taxes paid to other states under R.S. 47:303(A). This statute is similar to provisions of the Federal Soldiers and Sailors Civil Relief Act of 1940 (50 U.S.C. 574). Because of the provisions of the federal act, the credit allowed for taxes paid other states is not expected to create an additional loss of tax revenues. The purpose of this provision is to reciprocate for the credit allowed by other states.

#### **Legal Citation**

R.S. 47:305.48

#### **Origin**

Acts 1989, No. 435

#### **Effective Date**

September 3, 1989

#### **Beneficiaries**

Active military personnel

#### **Estimated Fiscal Effect**

This credit was not affected by legislation from the 2016 sessions. The Department is unable to estimate the fiscal effect as no data on these transactions could be provided by the Office of Motor Vehicles.

# Sales Tax

## { State Exemptions with Prohibitions on Taxation }

### 202. Sales of Food for Preparation and Consumption in the Home

The Louisiana Constitution prohibits the taxation of food sold for preparation and consumption in the home. The constitutional amendment was passed on November 5, 2002, with the full exclusion effective July 1, 2003. Sales of prepared foods by grocery stores, department stores, variety stores, drug stores, delicatessens, convenience stores, meat markets, seafood markets, and similar businesses do not qualify for the exclusion and are subject to the state sales tax. The purpose of this prohibition is to provide financial relief to the general public on food purchases.

#### Legal Citation

La. Const. art. VII, § 2.2

#### Origin

Constitutional Amendment

#### Effective Date

January 1, 2003

#### Beneficiaries

The general public

#### Estimated Fiscal Effect

This constitutional exclusion was not affected by legislation from the 2016 sessions.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$418,079,000	\$334,463,000

### 203. Sales of Electric Power or Energy to the Consumer for Residential Use

The Louisiana Constitution prohibits the taxation of natural gas, electricity, and water sold directly to the consumer for residential use. The constitutional amendment was passed on November 5, 2002, with the full exclusion effective July 1, 2003. The purpose of the exclusion is to benefit the residential consumers of electrical utility services.

#### Legal Citation

La. Const. art. VII, § 2.2

#### Origin

Constitutional Amendment

#### Effective Date

January 1, 2003

#### Beneficiaries

Residential consumers of electrical utility services

#### Estimated Fiscal Effect

This constitutional exclusion was not affected by legislation from the 2016 sessions.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$219,139,000	\$175,311,000



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# Sales Tax

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## { State Exemptions with Prohibitions on Taxation }

### **204. Sales of Natural Gas to the Consumer for Residential Use**

The Louisiana Constitution prohibits the taxation of natural gas, electricity, and water sold directly to the consumer for residential use. The constitutional amendment was passed on November 5, 2002, with the full exclusion effective July 1, 2003. The purpose of the exclusion is to benefit the residential consumers of natural gas.

#### **Legal Citation**

La. Const. art. VII, § 2.2

#### **Origin**

Constitutional Amendment

#### **Effective Date**

January 1, 2003

#### **Beneficiaries**

Residential consumers of natural gas

#### **Estimated Fiscal Effect**

This constitutional exclusion was not affected by legislation from the 2016 sessions. See number 203, sales tax section.

### **205. Sales of Water to the Consumer for Residential Use**

The Louisiana Constitution prohibits the taxation of natural gas, electricity, and water sold directly to the consumer for residential use. The constitutional amendment was passed on November 5, 2002, with the full exclusion effective July 1, 2003. The purpose of the exclusion is to benefit the residential consumers of water utility services.

#### **Legal Citation**

La. Const. art. VII, § 2.2

#### **Origin**

Constitutional Amendment

#### **Effective Date**

January 1, 2003

#### **Beneficiaries**

Residential consumers of water utility services

#### **Estimated Fiscal Effect**

This constitutional exclusion was not affected by legislation from the 2016 sessions. See number 203, sales tax section.

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# Sales Tax

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## { State Exemptions with Prohibitions on Taxation }

### 206. Drugs Prescribed by Physicians or Dentists

This exemption allows drugs prescribed by a physician or dentist and drugs that are dispensed to patients by hospitals under orders of the physician to be purchased free from sales tax. Drugs as defined in R.S. 47:301(20) include all pharmaceuticals and medical devices which are prescribed for use in the treatment of any medical disease. On November 5, 2002, voters approved a constitutional amendment that prohibits the taxation of prescription drugs. The purpose of this prohibition is to provide financial assistance to consumers.

#### Legal Citation

La. Const. art. VII, § 2.2

#### Origin

Constitutional Amendment

#### Effective Date

January 1, 2003

#### Beneficiaries

Individuals who purchase prescription drugs and hospitals.

#### Estimated Fiscal Effect

This constitutional exclusion was not affected by legislation from the 2016 sessions.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$487,094,000	\$389,675,000

### 207. Sale of Gasoline, Gasohol, and Diesel

The Louisiana Constitution prohibits the taxation of fuel that is subject to the road-use excise tax. This excludes most fuel sales, as most gasoline, gasohol, and diesel will be subject to road use tax. Gasoline, not subject to road use excise tax, is exempt from taxation of sales tax under R.S. 47:301(D) (1)(a). Gasohol, not subject to road use excise tax, is exempt from taxation under R.S.47:305.28 for gasohol produced, fermented, and distilled in Louisiana. The fiscal effect of the constitutional exclusion is shown in this section. The purpose of this prohibition is to give a tax-break to consumers.

#### Legal Citation

La. Const. art. VII, § 27

#### Origin

Constitutional Amendment

#### Effective Date

January 1, 1990

#### Beneficiaries

Consumers of road use gasoline and gasohol

#### Estimated Fiscal Effect

This constitutional exclusion was not affected by legislation from the 2016 sessions.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$398,290,000	\$318,632,000



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# **Tax Incentives and Exemption Contracts**

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# Tax Incentives and Exemption Contracts

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## { Introduction }

The Department of Economic Development (LED) administers various tax exemptions and incentive programs for the benefit of qualifying businesses. The State Board of Commerce and Industry is responsible for reviewing and approving or disapproving applications for many of the tax incentive programs administered by the LED.

Depending on the legislative intent, businesses must meet specific criteria to be eligible for the various tax exemption and incentives and once approved, must continue to comply with the program guidelines to maintain eligibility. The purpose of these tax exemption and incentive contracts is to encourage specific economic development.

### **Types of Tax Exemptions**

Tax exemptions can be in the form of sales and use tax rebates and exemptions, rebates and credits for income taxes, corporation franchise tax, and other taxes imposed by the state.

### **Significant Changes**

#### **2017 Regular Legislative Session**

Act 401 requires Louisiana Department of Revenue, the Department of Economic Development, and other agencies that administer incentive expenditure programs to coordinate and implement procedures for developing the estimate of the incentive expenditures for submission to Revenue Estimating Conference, Legislative Fiscal Office, and Division of Administration. *Effective July 1, 2017.*

Act 400 makes permanent the reductions to income and corporate franchise tax credits enacted by Act 125 of 2015. The Act also rounds the credit values from percentages to whole numbers and removes the 2015 reduction to the insurance premium tax credit. *Effective June 26, 2017 and applicable to taxable periods beginning on or after January 1, 2017, unless otherwise provided by the statute granting the credit.*

Act 384 requires the payor of motion picture production and motion picture payroll services companies to withhold taxes from employee payments in an amount determined in accordance with an employee's withholding allowance certificate. *Effective July 1, 2017.*

Act 206 extends the sunset of the Enterprise Zone Program through July 1, 2021. *Effective June 14, 2017.*

Act 223 modifies the fee for transfers of motion picture tax credits from \$200 to 2% of the tax credit transfer value and requires collections of the fee to be deposited into the Louisiana Entertainment Development Fund ("the fund"), after satisfying Article VII, Section 9(B) of the LA Constitution. Requires the Legislature to appropriate 25% of the fund to LDR for administrative purposes. *Effective June 15, 2017 and applicable to projects that apply to LED on or after July 1, 2017.*

Act 275 adds provisions for a project based production credit and a company based QMC payroll credit within the annual cap of the program and reduces the amount of the fee for verification of a cost expenditure verification report and the amount of the deposit for such report. *Effective August 1, 2017.*

Act 245 removes requirement that state bond commission certify to LED Secretary that securing a Ports of Louisiana project will result in "significant positive economic benefit to the state" (retains the JLCB's role in certifying that the project will result in significant positive economic benefit) and makes permanent the 2015 reduction to the Investor Tax Credit. Extends sunset on Investor Tax Credit until July 1, 2021. *Effective June 14, 2017.*

Act 309 amends the motion picture production tax credit relative to the eligible amounts and types of tax credits authorized. The Act creates a new category of "legacy credits" which are eligible for transfer back to the state (buy-backs) at the rate of eighty-five percent of the face value of the credit and eliminates transferability of the credit beginning with applications for initial certification received by LED on or after July 1, 2017. For such credits, the Act increases the buy-back rate to ninety percent of the face value of the credit and makes permanent the \$180 million per fiscal year credit cap applicable to claims against state income tax allowed on returns or used as a payment and for credits transferred back to the state. *Effective June 15, 2017.*

Act 323 establishes termination dates for certain tax credits and incentive programs administered by LED, including the Corporate Tax Apportionment Program, Angel Investor Tax Credit Program, Sound Recording Investor Tax Credit, Green Jobs Industries Credit, Technology Commercialization Tax Credit, Urban Revitalization Tax Credit, and the Motion Picture Incentive Act. *Effective June 22, 2017.*

Act 336 provides relative to the amount of the research and development tax credit and authorizes transferability of the credit under certain circumstances. It also sunsets the credit on December 31, 2021. *Effective June 22, 2017 for tax periods beginning on or after January 1, 2017.*

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# Tax Incentives and Exemption Contracts

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## { Introduction }

Act 345 extends sunset of the Angel Investor Tax Credit Program to July 1, 2021 and reduces the amount of the credit and time period for claiming the credit from 35% of the amount of investment taken over 5 years to 25% of the amount of investment taken over 3 years. It requires LED to certify the business as a Louisiana Entrepreneurial Business prior to the award of the credit. Reduces annual per business investment limit from \$1 million to \$720,000 and total per business investment limit from \$2 million to \$1.44 million. *Effective in part July 1, 2017 and in part July 1, 2108.*

Act 386 provides for termination dates for certain tax incentive and rebate programs, including the University and Development Parks Tax Exemption, Angel Investor Tax Credit Program, Enterprise Zone Program, Quality Jobs Program, the Louisiana Mega-Project Energy Assistance Rebate, and Competitive Projects Payroll Incentive Program. It modifies requirements for participation in the Quality Jobs Program for advance notifications filed on or after July 1, 2017, unless a Louisiana Economic Development organization certifies that it is in active negotiations with a business and submits project details including the anticipated number of jobs and payroll; and the business submits an advanced notification before January 1, 2018. *Effective June 23, 2017.*

Act 396 caps the musical and theatrical tax credit at \$10 million per fiscal year, caps each project at \$1 million per project and reserves 50% of the total tax credits each year for state-certified musical or theatrical productions by approved nonprofit organizations. The Act sunsets the credit for applications received on or after July 1, 2025. *Effective July 1, 2017.*

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# Tax Incentives and Exemption Contracts

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# Tax Incentives and Exemption Contracts

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## 1. Atchafalaya Trace Heritage Area Development Zone Tax Exemption

This program is directed at small businesses that make use of the natural, cultural and historic assets of the Heritage Area.

The Board of Commerce and Industry, after receiving approval from the review board consisting of the secretary of the Department of Revenue, secretary of Culture, Recreation and Tourism, chairman of the Atchafalaya Trace Heritage Area Commission, chairman of the House Committee on Ways and Means, chairman of the Senate Revenue and Fiscal Affairs Committee, the executive director of the Atchafalaya Trace Commission, and with the approval of the governor, may enter into contracts with heritage-based cottage industry concerns located in the development zone to grant tax credits to promote economic development and the creation of new jobs.

### Qualifications

- The business must be located in the Heritage Area that covers the 13 parishes of Assumption, Avoyelles, Concordia, East Baton Rouge, Iberia, Iberville, Lafayette, Pointe Coupee, St. Landry, St. Martin, St. Mary, Terrebonne, and West Baton Rouge.
- The owner of the business must be a resident of the Heritage Area development zone.
- The business must make sustainable use of the cultural or natural heritage of the Heritage Area for purposes which include interpreting, accessing, developing, promoting, or reinforcing the unique character and characteristics of the heritage area.

### Tax Credit

The tax credits that may be granted are:

- a \$1,500 credit for the business; and
- a \$1,500 credit for each net new hire of one full-time or two part-time employees for a position that did not previously exist, and new employees must have been a resident of the Heritage Area for at least 30 days prior to employment.
- Both credits were reduced by Act 125 of the 2015 Legislative Session to \$1,200.

The credits can be claimed against individual income tax or corporation income or franchise taxes and the tax credit contracts are for five years.

## 1. Atchafalaya Trace Heritage Area Development Zone Tax Exemption (continued)

### Legal Citation

R.S. 25:1226 et seq.

### Regulations

LAC 25:XI.101 et seq.

### Origin

Acts 2002 1<sup>st</sup> Ex. Sess., No. 112; amended by Acts 2007, No. 299; Acts 2008, No. 743; Acts 2014, No. 832; Acts 2015, No. 125; Acts 2017, No. 400 and 403.

### Effective Date

January 1, 2003

### Sunset Date

No new applications to receive tax exemptions or credits will be approved on or after January 1, 2020.

### Beneficiaries

Heritage-based cottage industry located in the development zone

### Estimated Fiscal Effect

\$0; no activity is anticipated. During Fiscal Year 2016-17, no tax credits were claimed.



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# Tax Incentives and Exemption Contracts

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## 2. Brownfields Investor Tax Credit

The purpose of the brownfields investor tax credit is to stimulate environmental economic development in Louisiana by encouraging the cleanup, redevelopment, and productive reuse of brownfields sites in the state. A brownfields site is an identified area in the state for which the expansion, redevelopment, or reuse may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

### Application and Approval

- Applications for the brownfields investor tax credits for remedial investigations and remediation actions must be jointly submitted to LED and the Department of Environmental Quality (DEQ).
- Upon receipt of the application, DEQ will issue a site specific identification number, which will be forwarded to LED and the Board of Commerce and Industry.
- Within 30 days of receipt of the application, DEQ will file any objections with the LED.
- The Board of Commerce and Industry will then make its recommendations to the governor for a final determination of the request for the tax credit.
- After approval by the governor, the applicant may proceed with the voluntary remedial investigation with DEQ's oversight.
- After a satisfactory demonstration that the voluntary remedial investigation is complete, DEQ will approve the remedial investigation report and issue a certificate of completion to the taxpayer-applicant and forward it to the LED secretary, the Board of Commerce and Industry, and the secretary of the Department of Revenue.
- The certificate of completion will entitle the taxpayer to the 15 percent investigation tax credit.
- After approval by the governor of a voluntary remediation tax credit application, the applicant may proceed with his voluntary remediation action.

## 2. Brownfields Investor Tax Credit (continued)

- After satisfactory demonstration that the voluntary remedial action has been accomplished and DEQ approves the voluntary remediation action report, DEQ will issue a certificate of completion to the taxpayer-applicant and shall forward a copy to the LED secretary and the secretary of the Department of Revenue.

### Investor Tax Credit

Taxpayers are allowed a credit against state income tax for the investment in a voluntary remediation action or a voluntary remedial investigation as follows:

- 15 percent of the total investment on the certified completion date of a voluntary remedial investigation at a state-certified site.
- 25 percent of the total investment on the certified completion date of a voluntary remediation action at a state-certified site.
- Tax credits may never exceed the total investment in the site.

### Provisions effective for all taxable periods beginning on or after January 1, 2008.

Acts 2007, No. 392 amends 47:6021 as follows:

- 15 percent of the total investment made in a voluntary remedial investigation at a state-certified site.
- 50 percent of the total investment made in a voluntary remediation action at a state-certified site.

The Act also makes the brownfields tax credit transferable and provides that no credit will be allowed for any expenditures for which a taxpayer receives a credit, rebate, or other tax incentive granted by the state under any other provision of law.

### Application of Tax Credits

- All entities taxed as corporations for state tax purposes must claim credit on their corporation income and franchise tax return.
- Individuals must claim credit on their individual income tax return.
- Estates or trusts must claim credit on their fiduciary income tax returns.

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# Tax Incentives and Exemption Contracts

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## 2. Brownfields Investor Tax Credit (continued)

- Entities not taxed as corporations must claim credit on the partner's tax returns

Credit may be taken against the income tax for the taxable period in which the credit is earned and if the tax credit exceeds the amount of taxes due, any unused credit may be carried forward for ten years.

### Recapture of Credits

- If the secretaries of DEQ or the Department of Revenue find that funds for which a taxpayer received credits are not invested in and expended with respect to a state-certified assessment or remediation then the investor's state income tax for the taxable period will be increased by the amount necessary for the recapture of credit.
- Taxpayer applying for the credit will be required to reimburse DEQ for audits or recapture of credits.
- Credits previously granted to a taxpayer may be recovered by the secretary of the Department of Revenue through any collection remedy authorized by R.S. 47:1561.
- The only interest that may be assessed and collected on recovered credits is interest at a rate three percentage points above the rate provided in R.S. 9:3500(B)(1), which shall be computed from the original due date of the return on which the credit was taken.

### Ineligible Participants

No corporation or partnership including any company owned, affiliated, or controlled, in whole or in part, by any company or person that is a responsible person or is in default on a loan made by the state or a loan guaranteed by the state, or any company or person who has ever declared bankruptcy under which an obligation of the company or person to pay or repay public funds or monies was discharged as a part of such bankruptcy will be eligible to receive this tax incentive.

### Legal Citation

R.S. 47:6021

### Origin

Acts 2005, No. 156; amended by Acts 2007, No. 392; Acts 2013, No. 418

### Effective Date

July 1, 2005

### Sunset Date

No new credits can be granted after December 31, 2009

## 2. Brownfields Investor Tax Credit (continued)

### Beneficiaries

Taxpayers that invest in a qualifying voluntary remediation action or a voluntary remedial investigation as well as citizens of the state who benefit from the cleanup, re-development and re-use of these sites

### Fiscal Effect

During Fiscal Year 2016-17, \$17,652 in individual income tax credits were claimed.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$40,000	Negligible

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# Tax Incentives and Exemption Contracts

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### 3. Cane River Heritage Tax Credit

This program is directed at small businesses that make use of the natural, cultural and historic assets of the Cane River Heritage Area.

The Department of Culture, Recreation and Tourism may enter into contracts for periods not exceeding five years with a heritage-based cottage industry in order to facilitate the tax credits authorized by this Section. No contract shall be granted for any exemptions or credits which are not directly related to the concern located within the development zone, and no tax exemption or credit shall be granted for any tax or portion of a tax applicable to operations or activities of a concern located outside of the development zone.

#### Qualifications

- The business must be located in a Heritage Area development zone.
- The business must make sustainable use of the cultural or natural heritage of the Heritage Area for purposes which include interpreting, accessing, developing, promoting, or reinforcing the unique character and characteristics of the Heritage Area.

#### Tax Credit

The credits that may be granted are:

- a \$1,500 credit for the business, and
- a \$1,500 credit for each net new hire of one full-time or two part-time employees for a position that did not previously exist, and new employees must have been a resident of the Heritage Area for at least 30 days prior to employment.
- Both credits were reduced by Act 125 of the 2015 Legislative Session to \$1,080.

#### Legal Citation

R.S. 47:6026

#### Origin

Acts 2007, No. 299; amended by Acts 2008, No. 743; Acts 2011, No. 56; amended by Acts 2013, No. 304; Acts 2015, No. 125; Acts 2015, No. 357; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 400

#### Effective Date

August 15, 2007

#### Sunset Date

No new applications to receive tax exemptions or credits will be accepted on or after January 1, 2018.

#### Beneficiaries

Individuals and businesses engaged in heritage-based commercial activities in the Cane River Heritage Area

### 3. Cane River Heritage Tax Credit (continued)

#### Estimated Fiscal Effect

The Department is unable to estimate the future fiscal effect because the Department does not have data on approved or pending contracts. During Fiscal Year 2016-17, no tax credits were claimed.

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# Tax Incentives and Exemption Contracts

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## 4. LA Community Economic Development

LED may approve a tax credit against income and corporation franchise tax for 25 percent of the money donated, contributed, or represented by a sale below cost by the taxpayer to a certified community development corporation or a certified community development financial institution.

The credit is limited to:

- \$500,000 per year per individual or
- \$1 million per year per business and
- \$1 million total per individual and \$2 million total per business.

The tax credit for businesses will be divided in equal portions for five years.

Any donation or contribution of cash to a certified community development corporation or to a certified community development financial institution will not qualify for this tax credit unless approved and accepted by the governing board of the certified community development corporation or the certified community development financial institution, and certified by LED.

### Legal Citation

R.S. 47:6031

### Origin

Acts 2007, No. 374

### Effective Date

July 10, 2007

### Sunset Date

August 15, 2010

### Beneficiaries

The certified community development corporation or certified community development financial institution receiving the donation and the individual or business making the donation

### Estimated Fiscal Effect

This credit has sunsetted and no activity is anticipated. During Fiscal Year 2016-17, no tax credits were claimed.

## 5. Ports of Louisiana Tax Credits

The purpose of these credits is to encourage private investment in and the use of state port facilities in Louisiana. Because public funding sources for ports and port infrastructure facilities have not kept pace with the need to expand our ports and port facilities, it is determined that private investment and public-private partnerships should be encouraged as a means to assist the state in financing improvements to our state ports and port infrastructure facilities. The credits are as follows:

1. Ports of Louisiana Investor tax credit for the total capital costs of a qualifying project
  - LED will issue a credit for a qualifying project if the commissioner of administration, after approval of the Joint Legislative Committee on the Budget, certifies to LED securing the project will result in a significant positive economic benefit to the state.
  - After certification from the commission, LED may grant a tax credit up to 72% of the total capital costs of a qualifying project to be taken at up to five percent per tax year or shall grant such other amount of tax credit to be taken at such other percentage which is warranted by the significant positive economic benefit determined by the commissioner, but no tax credit granted for a qualifying project shall exceed \$1.8 million per tax year; however, the total amount of credits granted on a qualifying project cannot exceed the total cost of the project. In addition, the Investor Tax Credits granted by the department to any recipient pursuant to this Section shall be limited to an amount which shall not result in a reduction of tax liability by all recipients of such credits to exceed \$4.5 million in any fiscal year.
  - Investors earn the credit at the time expenditures are made, but no credits can be applied against a tax liability until July 1, 2014 and not until the project is approved by and LED certifies cost expenditures. LED will certify capital cost expenditures no less than twice during the duration of the qualifying project unless the investing company agrees, in writing, to reimburse the LED for the costs of any additional certifications.
  - Prior to issuance of any tax credit, a cooperative endeavor agreement shall be fully executed between the investing company or entity proposing the qualifying project and the public port in whose geographic jurisdiction the proposed qualifying project is to be located indicating cooperation and support among all of the parties.

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# Tax Incentives and Exemption Contracts

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## 5. Ports of Louisiana Tax Credits (continued)

- Unused credits may be carried forward as a credit against subsequent tax liability for a period not to exceed ten years.
2. Ports of Louisiana Import Export Cargo credit
- Taxpayers must apply to and receive certification from LED
  - Taxpayers eligible for certification include those international business entities which provide to the department a verified statement of cargo volume data for the calendar year prior to the year of the application, specifically including the total annual volume and tons of breakbulk or containerized cargo imported and exported from or to, manufacturing, fabrication, assembly, distribution, processing, or warehousing facilities located in Louisiana.
  - An applicant whose exports and imports are limited to bulk commodities does not qualify.
  - LED will provide a statement of certification to each taxpayer that is certified for the credit after approval of the Joint Legislative Committee on the Budget. The certification, which is also sent to LDR, will contain the taxable year or years for which the taxpayer is allowed the credit and the amount of tax credit allocated for such taxable year or years.
  - The credit is equal to the product of multiplying five dollars by the taxpayer's number of tons of qualified cargo for the taxable year which exceeds the pre-certification tonnage or the product of multiplying the number of dollars by the taxpayer's number of tons of qualified cargo for the taxable year or portion of a taxable year which exceeds the pre-certification tonnage which is warranted by the significant positive economic benefit determined by the commissioner, whichever is less. In addition, the Import-Export Cargo credits granted by the department to any recipient shall be limited to an amount which shall not result in a reduction of tax liability by all recipients of such credits to exceed six million two hundred fifty thousand dollars in any fiscal year.
  - Credits will be allowed if the commissioner of administration certifies to LED that the increased utilization of public port facilities and other activity in Louisiana associated with the import or export of the international business entities qualified cargo will result in a positive economic benefit to the

## 5. Ports of Louisiana Tax Credits (continued)

state and such certification is approved by the Joint Legislative Committee on the Budget, which approval shall not be granted earlier than July 1, 2014.

### Application of Credits

- Individuals must claim credit on their individual income tax return.
- Estates or trusts must claim credit on their fiduciary income tax returns.
- Entities taxed as corporations will claim credit on their corporation income and franchise tax return.
- Entities not taxed as corporations will claim the credit on the returns of the partners or members.

### Legal Citation

R.S. 47:6036

### Origin

Acts 2009, No. 474; amended by Acts 2011, No. 146; Acts 2013, No. 431; Acts 2015, No. 125; Acts 2015, No. 357; Acts 2017, No. 245.

### Effective Date

August 15, 2009, for taxable periods beginning on or after January 1, 2009.

### Sunset Date

July 1, 2021

### Beneficiaries

Port facilities in the state

### Estimated Fiscal Effect

The Department is unable to estimate the future fiscal effect because the Department does not have data on approved or pending contracts. During Fiscal Year 2016-17, no tax credits were claimed.

# Tax Incentives and Exemption Contracts

## 6. Motion Picture Investor Tax Credit

The purpose of the tax credit is to encourage development in Louisiana of a strong capital base for motion picture production in order to achieve an independent, self-supporting industry.

- For state certified productions meeting certain criteria, the program provides a tax credit of up to 40% for qualified expenditures.
- For Qualified Entertainment Companies (QEC) meeting certain criteria, the program provides a payroll tax credit of up to 20%.

### Limitation of the Credit

- LED program issuance cap – for applications received on or after July 1, 2017, LED shall issue no more than \$150 million per fiscal year.
- LDR taxpayer claim cap – beginning July 1, 2017, tax credit claims and transfers to the state shall not exceed \$180 million per fiscal year.
- For applications received on or after July 1, 2017, credits may not be transferred or sold to another taxpayer.

### Legal Citation

R.S. 47:6007

### Origin

Acts 1992, No. 894; amended by Acts 1997, No. 658; Acts 2002, 1<sup>st</sup> Ex. Sess., No. 6; Acts 2003, No. 551; Acts 2003, No. 1240; Acts 2004, 1<sup>st</sup> Ex. Sess., No. 7; Acts 2005, No. 456; Acts 2007, No. 456; Acts 2009, No. 530 and 478; Acts 2013, No. 178; Acts 2014, No. 646; Acts 2015, No. 129; Acts 2015, No. 134; Acts 2015, No. 141; Acts 2015, No. 142; Acts 2015, No. 143; Acts 2015, No. 144; Acts 2015, No. 357; Acts 2015, No. 361; Acts 2015, No. 412; Acts 2015, No. 417; Acts 2015, No. 425; Acts 2015, No. 451; Acts 2015, No. 452; Acts 2017, No. 223, 309 and 384.

### Effective Date

Taxable Periods beginning on or after January 1, 1993

### Sunset Date

July 1, 2025

### Beneficiaries

Investors in state-certified motion picture productions

### Fiscal Effect

An analysis of the type of credits and exemptions for Fiscal Year 2016-17 is as follows:

## 6. Motion Picture Investor Tax Credit (continued)

Fiscal Effect		
	FYE 6-17	% of Total
Individual Income Tax	\$441,613	0.21%
Corp. Income Tax	\$205,391,844	99.79%
Total	\$205,833,457	100.00%

Investor Credits sold to the state under the buy back provisions of R.S. 47:6007 are accounted for in this publication based on when the check was issued and not the effective date of the transfer to the state. Revenue loss in the amount of \$205,391,845 for buybacks were issued under the cap on the credit for FYE 6-17.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$180,000,000	\$180,000,000

The estimated fiscal effect of this credit is limited by the cap placed on the credit by Acts 2015, No. 134.



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# Tax Incentives and Exemption Contracts

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## 7. Research and Development Tax Credit

The purpose of the research and development tax credit is to encourage new and continuing efforts to conduct research and development activities within this state.

The Louisiana Research and Development Program provides up to a 30% tax credit on qualified research expenditures incurred in Louisiana. The program is open to companies who have incurred research and development expenditures in Louisiana and who meet certain requirements.

Louisiana has three different types of research and development applicants who earn credits at different rates and have different filing requirements:

- Increase in Louisiana Research and Development (50+ employees)
- Small Business Innovation Research Grant (SBIR/STTR)
- Less than 50 Employees

The following types of businesses that do not have a pending or issued United States patent directly related to the qualified research expenditures for which a credit is being claimed pursuant to La. R.S. 47:6015 are ineligible to apply for or receive benefits unless specifically invited by the LED to do so:

- a. professional services firms as defined by departmental rule,
- b. businesses primarily engaged in custom manufacturing and custom fabricating as defined by departmental rule.

### Sale of Unused Tax Credits

For expenditures made in 2003 through 2008, taxpayers who are awarded tax credits in excess of their tax liabilities for a given year may elect to sell their unused tax credits to taxpayers with a Louisiana tax liability provided all of the following criteria are met:

### Application of Tax Credits

1. The unused credits are sold for a minimum of 75 percent of the value of the tax benefits.
2. The taxpayer seeking to sell the unused credits belongs to one of the traditional or seed clusters as defined by LED.
3. The taxpayer seeking to sell the unused credit employs no more than 225 employees, of which 75 percent must be Louisiana citizens.
4. The sale of the tax credit must be approved by LED.

## 7. Research and Development Tax Credit (continued)

5. The purchaser of unused credits must apply the credits in the same manner and against the same taxes as the taxpayer originally awarded the credit.
  - All entities taxed as corporations for state tax purposes must claim credit on their corporation income and franchise tax return.
  - Individuals must claim credit on their individual income tax return.
  - Estates or trusts must claim credit on their fiduciary income tax returns.
  - Entities not taxed as corporations must claim credit on the returns of the partners or members.
6. SBIR and STTR research and development tax credits for tax years 2018 and later that were not previously claimed by any taxpayer against his income or corporation franchise tax may be sold to taxpayers with a Louisiana tax liability provided all of the following criteria are met:
  1. A single transfer or sale may involve one or more transferees
  2. Transferors and transferees shall submit to the Department of Revenue in writing, a notification of any transfer or sale of tax credits within ten business days after the transfer or sale of such tax credits.

### Legal Citation

R.S. 47:6015

### Regulations

LAC 13:I.2901 et seq.

### Origin

Acts 2002 1<sup>st</sup> Ex. Sess., No. 9; amended by Acts 2005, No. 402; Acts 2009, No. 477; Acts 2011, No. 407; Acts 2013, No. 257; Acts 2015, No. 133, 357, 361, and 412; Acts 2017, No. 336

### Effective Date

For income tax years beginning after December 31, 2002 and franchise tax years beginning after December 31, 2003.

### Sunset Date

No credit shall be allowed for research expenditures or Small Business Innovation Research Grant funds received after December 31, 2021.

### Beneficiaries

Qualifying taxpayers increasing research activities in Louisiana

# Tax Incentives and Exemption Contracts

## 7. Research and Development Tax Credit (continued)

### Fiscal Effect

An analysis of the income and corporation franchise tax credits and exemptions for Fiscal Year 2016-17 is as follows:

<b>Fiscal Effect</b>		
	<b>FYE 6-17</b>	<b>% of Total</b>
Corporate Income and Franchise Tax	\$2,931,331	54.42%
Individual Income Tax	\$2,455,583	45.58%
<b>Total</b>	<b>\$5,386,914</b>	<b>100.00%</b>

<b>Estimated Fiscal Effect</b>	
<b>FYE 6-18</b>	<b>FYE 6-19</b>
\$8,000,000	\$9,000,000

## 8. Digital Interactive Media and Software Tax Credit

The purpose of the tax credit is to encourage development of a strong capital base for the production of digital interactive media in order to achieve a more independent, self-supporting industry.

Louisiana's Digital Media and Software Tax Credit provides up to a 25 percent refundable tax credit for in-state labor, coupled with up to a 18 percent refundable credit for eligible production expenses.

- No cap and no minimum requirement.
- The tax credit is available for a refund of 100% of its value claimed on Louisiana state tax return OR certified applicants can receive 85% of the value earned as a rebate any time during the year.

### Application of Tax Credits

- All entities taxed as corporations for state tax purposes must claim credit on their corporation income and franchise tax return.
- Individuals must claim credit on their individual income tax return.
- Entities not taxed as corporations must claim credit on the partner's tax returns.

The tax credit will be allowed against the taxpayer's income tax due for the taxable period in which the credit is earned and the immediately preceding period.

If the tax credit exceeds the amount of taxes due, any unused credit may be carried forward as a credit against subsequent tax liability for a period not to exceed ten years.

The amount of the tax credit may not exceed the amount of taxes due for the taxable period.

### Transferability of the Credit

For tax credits earned for expenditures made on or before December 31, 2011, any tax credits allocated to a person and not previously claimed by any taxpayer against his income tax may be transferred or sold to another person, subject to the following conditions:

- A single transfer or sale may involve one or more transferees.
- Transferrers and transferees must submit notification of any transfer or sale of tax credits to LED and LDR within 30 days after the transfer or sale of the tax credits.
- Failure to comply with the transfer requirements will result in the disallowance of the tax credit until the taxpayers are in full compliance.



# Tax Incentives and Exemption Contracts

## 8. Digital Interactive Media and Software Tax Credit *(continued)*

- The credit transfer or sale does not extend the time in which the credit can be used.
- The transferee must apply the credits in the same manner and against the same taxes as the taxpayer originally awarded the credit.

### Legal Citation

R.S. 47:6022

### Origin

Acts 2005, No. 346; amended by Acts 2009, No. 454; Acts 2011, No. 415; Acts 2013, No. 418; Acts 2015, No. 125; Acts 2015, No. 357; Acts 2015, No. 412; Acts 2017, No. 400.

### Effective Date

June 30, 2005

### Beneficiaries

Taxpayers that invest in a state-certified digital interactive media production in Louisiana as well as citizens who benefit from a more independent, self-supporting digital interactive media industry

### Fiscal Effect

An analysis of the income and corporation franchise tax credits and exemptions for Fiscal Year 2016-17 is as follows:

Fiscal Effect		
	FYE 6-17	% of Total
Corporate Income and Franchise Tax	\$6,605,100	66.82%
Corporate Income Rebate	\$1,858,265	18.80%
Individual Income Tax	\$1,422,050	14.39%
Total	\$9,885,415	100.00%

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$30,000,000	\$50,000,000

## 9. Louisiana Motion Picture Incentive Program

The purpose of the tax credit is to encourage development in Louisiana of a strong capital base for motion picture production in order to achieve an independent, self-supporting industry.

State certified motion picture production companies meeting certain criteria and certified prior to December 31, 2005 may be exempt from payment of sale and use tax and eligible for an employment tax credit in an amount issued by the Department of Economic Development.

This program sunset January 1, 2006, and is distinct from the Louisiana Motion Picture Production Tax Credit Program provided for under La. R.S. 47:6007. (See #6 above.)

### Legal Citation

R.S. 47:1121 et seq., R.S. 47:301(10)(a)(vi)

### Origin

Acts 1990, No. 480; amended by Acts 1998, No. 55; Acts 2001, No. 9; Acts 2002, 1<sup>st</sup> Ex. Sess., No. 1; Acts 2002, 1<sup>st</sup> Ex. Sess., No. 5; Acts 2003, No. 551; Acts 2005, No. 456.

### Effective date

July 18, 1990

### Sunset date

Sales tax exclusion expires January 1, 2006. Productions must be certified before December 31, 2005, to be eligible for the employment tax credit.

### Repealed

Acts 2017, No. 323, effective June 22, 2017

### Beneficiaries

Qualified production companies and Louisiana residents employed by such companies as well as state and local economies

### Estimated Fiscal Effect

This credit has sunsetted and no activity is anticipated. During Fiscal Year 2016-17, no tax credits were claimed.

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# Tax Incentives and Exemption Contracts

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## 10. Louisiana Capital Companies Tax Credit Program

The purpose of the Louisiana Capital Companies Tax Credit Program is to provide assistance in the formation and expansion of new businesses that create jobs in the state by providing for the availability of venture capital financing to entrepreneurs, managers, inventors, and other individuals for the development and operation of qualified Louisiana businesses.

### Program Administration

- LED is responsible for maintaining and interpreting program policy.
- The Office of Financial Institutions (OFI) is responsible for performing the program's regulatory and examination functions.

### Certification of a Capital Company

- Companies desiring certification as a Louisiana Capital Company must apply to the OFI Commissioner.
- The capitalization must be at least \$200,000.
- Within 60 days of application, the OFI commissioner will issue the certification and notify the Department of Revenue and the commissioner of insurance of the certification or refuse the certification and notify the applicant the grounds for the refusal.
- The OFI commissioner must furnish a list of persons or businesses who may claim the tax credit to the Department of Revenue and the commissioner of insurance quarterly.

### Income Tax Credit or Premium Tax Reduction

- Any person who invests in the certified capital of a certified Louisiana capital company may claim either an insurance premium tax reduction or an income tax credit in the taxable year in which the investment is made.
- The income tax credit is 35 percent of the capital investment.
  1. The total income tax credits granted to all taxpayers are limited to \$2 million per calendar year.
  2. If the total credits requested exceed \$2 million during any calendar year, the tax credits will be allocated among certified Louisiana capital company groups.

## 10. Louisiana Capital Companies Tax Credit Program *(continued)*

- Insurance premium tax reductions are allowed as follows:
  1. For tax reduction credits granted to investors prior to January 1, 2001, the tax reduction will be applied to the premium tax liability not to exceed ten percent of the premium tax reduction in any one year until one hundred percent of the premium tax reduction has been claimed by the insurer; or
  2. For tax reduction credits granted to investors after January 1, 2001, the tax reduction will not be applied to any premium tax liability generated within two years from the date of investment and will be applied to the premium tax liability not to exceed 12 percent of the premium tax reduction in any one year until one hundred percent of the premium tax reduction has been claimed by the insurer;
  3. The tax reduction credits may not exceed the premium tax liability in any taxable year.
  4. If a holder of premium tax reduction credits does not use credits that are generated after December 31, 1999, and which are eligible to be used in a given calendar year, those premium tax reduction credits may be carried forward and used in any subsequent year until such credits are exhausted; provided, the reduction in any taxable year shall not exceed the premium tax liability for the taxable year.
  5. Tax reduction credits are not allowed for investments made after December 31, 2003.
  6. The total insurance premium tax credits granted in any calendar year may not result in an additional reduction of total premium tax revenues greater than \$5 million.
  7. If the total requests for premium tax credits exceed the \$5 million maximum amount, the premium tax credits will be allocated to the certified Louisiana capital company groups.

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# Tax Incentives and Exemption Contracts

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## 10. Louisiana Capital Companies Tax Credit Program *(continued)*

### Transfer of Tax Credits

- LED will provide for the transfer or sale of premium and income tax credits.
- The transfer or sale of income or premium tax credits will be restricted to transfers or sales between affiliates and sophisticated investors.
- No acquirer of tax credits will be able to use any premium tax credit earned after July 1, 2002, until at least the second anniversary of the investment date of the investment pool from which the premium tax credits were earned.
- Even though a transfer or sale of credits may involve several entities, only one election may be made during any calendar quarter.
- An investor in a certified Louisiana capital company may only transfer or sell credits once during a calendar quarter and the entity that purchases the credit may not transfer credits obtained during the quarter in which the credits are transferred or purchased.
- In any subsequent calendar year, the purchaser of the credits may make one transfer election per calendar quarter.

### Corporation Income and Franchise Tax Exemption

- Any corporation that is a certified Louisiana capital company will be exempt from the corporation income tax and the corporation franchise tax for five consecutive taxable periods.
- The corporation income tax exemption begins with the taxable period in which the capital company is certified. If the corporation is certified before the beginning of its first taxable period, the exemption will begin with the corporation's first taxable period.
- The corporation franchise tax exemption begins with the next taxable period following the taxable period in which capital company is certified. If the corporation is certified before the beginning of its first taxable period, the exemptions will begin with the corporation's second taxable period.

### Legal Citation

R.S. 51:1921 et seq.

### Regulations

LAC 10:XV.301 et seq.

## 10. Louisiana Capital Companies Tax Credit Program *(continued)*

### Origin

Acts 1983, No. 642; amended by Acts 1984, No. 891; Acts 1986, No. 695 and 915; Acts 1987, No. 703; Acts 1989, No. 496; Acts 1992, No. 849; Acts 1993, No. 279; Acts 1994, 3rd Ex. Sess., No. 9; Acts 1996, No. 21; Acts 1997, No. 58 and 366; Acts 1998, No. 70; Acts 2001, No. 8, 9, and 1122; Acts 2002, No. 84.

### Effective Date

Taxable periods beginning after December 31, 1985

### Program Termination

No capital companies may be certified to begin the program after June 30, 2003, and no capital investments may be certified after December 31, 2003.

### Beneficiaries

Individuals who need venture capital to develop and operate a qualified Louisiana business

### Estimated Fiscal Effect

A negligible amount for this exemption was reported by taxpayers on the corporation income tax and individual income tax returns data available at the time of publication. During Fiscal Year 2016-17, \$18,626 in corporation income tax credits were claimed.

# Tax Incentives and Exemption Contracts

## 11. New Markets Tax Credit

The purpose of the new markets tax credit is to encourage and attract private sector qualified equity investment in a qualified community development entity in the state.

- A tax credit is allowed for investments in qualified low-income community development entities (CDEs).
- Before claiming the tax credit, investors must make application to the Department of Revenue and the credits will be allocated on a first-come, first-served basis. All requests received on the same business day will be treated as received at the same time, and if the aggregate amount of the tax credit requests received on a single business day exceed the total amount of available tax credits, tax credits will be approved on a pro rata basis.
- Investors are eligible for the tax credit if the Community Development Entity (CDE) has made qualified low-income community investments and no more than 25 percent of their investments in low-income communities are in the form of loans.
- Qualified low-income community investments cannot consist of investments secured by any state or federal governmental entity.
- Unused credits can be carried over to succeeding years until used.

### Limitations on Tax Credit

- The \$50 million cap on the credit for initial investments made after July 1, 2007 has been reached.
- The \$25 million cap for investments made in 2008 authorized by Act 4 of the 2008 Second Extraordinary Session has been reached.
- The \$12.5 million cap for investments made in 2009 authorized by Act 4 of the 2008 Second Extraordinary Session has been reached.
- The \$12.5 million cap for investments made in 2010 authorized by Act 463 of the 2009 Regular Legislative Session has been reached.

### Legal Citation

R.S. 47:6016

### Origin

Acts 2002, No. 66; amended by Acts 2005, No. 424; Acts 2007, No. 379; Acts 2009, 463; Acts 2013, No. 265

### Effective Date

For purposes of R.S. 47:6016, tax years beginning on or after September 1, 2002.

## 11. New Markets Tax Credit (continued)

### Sunset Date

For purposes of R.S. 47:6016, no tax credits will be allowed for qualified equity investments made after August 31, 2013.

### Related Provision

R.S. 47:6016.1

### Beneficiaries

Private sector capital investors investing in certain low-income community investments

### Fiscal Effect

An analysis of the types of credits and exemptions for Fiscal Year 2016-17 is as follows:

Fiscal Effect		
	FYE 6-17	% of Total
Corp. Income & Fran. Tax	\$943,823	64.69%
Individual Income Tax	\$505,744	34.66%
Used as Payments	\$9,460	0.65%
<b>Total</b>	<b>\$1,459,027</b>	<b>100.00%</b>

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,000,000	Unable to anticipate

The estimated fiscal effect for this program is based on no new credits being issued and the use of credits being carried forward. At the time of publication, we have no data on the carry forward credits and The Department is unable to estimate the fiscal effect for FY 6-19.

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# Tax Incentives and Exemption Contracts

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## 12. University Research and Development Parks

The purpose of these tax exemption contracts is to encourage the development of university biomedical research and development parks. The Board of Commerce and Industry, with the approval of the governor and the Joint Legislative Committee on the Budget, can grant tax exemption contracts for university research and development parks as follows:

- Corporation franchise tax exemptions;
- Corporation income tax exemptions;
- Exemptions from any other taxes imposed by the state;
- Rebates of sales and use taxes on machinery, equipment, materials, and building supplies; and
- Rebates of sales and use taxes on any other goods and services.

The total annual amount of the state exemptions may not exceed 30 percent of the liability for corporate franchise, income, and state sales and use taxes of the business for the previous fiscal year. The total annual sales tax rebate amount for any fiscal year may not exceed the sales tax liability for the previous fiscal year.

This exemption contract may be granted for a period not to exceed five years and renewed for periods of up to five additional years, provided that the total number of years of the exemption does not exceed ten years.

### Legal Citation

R.S. 17:3389

### Regulations

LAC 13:I.1501 et seq.

### Origin

Acts 1991, No. 1023; amended by Acts 2017, No. 386

### Effective Date

September 6, 1991

### Sunset Date

July 1, 2017

### Beneficiaries

University-related research and development parks that qualify as well as Louisiana citizens who benefit from improved health care, job creation and improved economic conditions

## 12. University Research and Development Parks *(continued)*

### Estimated Fiscal Effect

This credit has sunsetted and no activity is anticipated. During Fiscal Year 2016-17, no tax credits were claimed.

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# Tax Incentives and Exemption Contracts

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## 13. Industrial Tax Equalization Program

This program's purpose is to encourage the establishment and retention of manufacturing establishments, headquarters, or warehousing and distribution establishments in Louisiana by providing a procedure whereby the total state and local taxes imposed upon these establishments may be reduced, after all other tax incentives for specific sites are applied, to the levels imposed by other competing states.

### Requirements for Exemption

The Board of Commerce and Industry may enter into a tax equalization contract only if each of the following requirements are met by the manufacturing establishment, headquarters, or warehousing and distribution establishments:

- The establishment must either be located in another state or be located in Louisiana and contemplating locating in another state that has equivalent or comparable advantages as the area in Louisiana in which the establishment is or seeks to be located.
- The state in which the establishment is located or is contemplating locating must have a total state, parish, and local tax structure that offers a greater tax advantage to the establishment than does the taxing structure of Louisiana.
- The applicant for tax equalization may be any form of business entity.
- The sites under consideration in Louisiana and the competing state must be valid and viable for the proposed operations.
- The secretary of the Department of Economic Development must make a recommendation to the governor to extend an invitation to apply for tax equalization.
- The applicant must receive an invitation to apply from the governor.

### Tax Exemptions

Tax exemptions will be granted to entities in the following priority:

- New or retained manufacturing establishment
  1. Corporation franchise tax.
  2. Corporation income tax.

## 13. Industrial Tax Equalization Program (continued)

3. Sales and use tax on machinery and equipment to be used in manufacturing.
  4. Sales and use taxes on materials and supplies necessary for the manufacture or production of the product of the new manufacturing establishment.
  5. Any other taxes imposed by the state to which like businesses are subject.
- New or retained headquarters
    1. Corporation franchise tax.
    2. Corporation income tax.
    3. Sales and use tax on purchases and leases of, and repairs to, machinery and equipment that is used in the on-site operation of the new headquarters facility.
    4. Sales and use tax on purchases of tangible personal property used in the construction of the new headquarters facility.
    5. Any other taxes imposed by the state to which like businesses are subject.
  - New or retained warehousing and distribution establishment
    1. Corporation franchise tax.
    2. Corporation income tax.
    3. Sales and use tax on purchases and leases of, and repairs to, machinery and equipment that is used in the on-site operation of the warehousing and distribution establishment.
    4. Sales and use tax on purchases of materials and supplies necessary for the on-site operation of the warehousing and distribution establishment.
    5. Sales and use tax on purchases of tangible personal property used in the construction of the warehousing and distribution establishment.
    6. Any other taxes imposed by the state to which like businesses are subject.

### Commuter Airline Sales Tax Exclusion

R.S. 47:3204(L) provides a state sales tax exclusion for purchases or leases of airplane equipment, airplane parts, and airplanes by any commuter airline domiciled in the state as defined in R.S. 47:305.21.



# Tax Incentives and Exemption Contracts

## 13. Industrial Tax Equalization Program (continued)

### Legal Citation

R.S. 47:3201-3205

### Regulations

LAC 13:I.1901 et seq.; LAC 13:I.2101 et seq.; LAC 13:I.2301 et seq.; LAC 13:I.2501 et seq.

### Origin

Acts 1966 Ex. Sess., No. 12; amended by Acts 1976, No. 381; Acts 1985, No. 3; Acts 1987, No. 307; Acts 1989, No. 491; Acts 1993, No. 400; Acts 2005, No. 403; Acts 2007, No. 389

### Effective Date

September 3, 1989

### Beneficiaries

Companies that locate new manufacturing establishments, new headquarters, and new warehouse and distribution establishments in the state, as well as Louisiana citizens who benefit from new employment, production and income opportunities

### Fiscal Effect

An analysis of the types of credits and exemptions for Fiscal Year 2016-17 is as follows:

Fiscal Effect		
	FYE 6-17	% of Total
Sales Tax Exemptions	\$12,847,463	88.43%
CIFT Exemptions	\$1,681,719	11.57%
Total	\$14,529,182	100.00%

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$4,000,000	\$4,000,000

## 14. Exemptions for Manufacturing Establishments

The purpose of the exemption for manufacturing establishments program is to induce industrial development in the state, encourage the establishment of new business enterprises and the retention and expansion of existing businesses that fit the Vision 2020 profile.

Applications must be submitted to LED and, at the same time, notices of the application and amount and type of exemption must be sent to each member of the legislature and to the assessor and governing authority of each political subdivision where the manufacturing establishment is located or is to be located.

LED will review the application to determine whether the requirements for an exemption contract have been satisfied and will determine whether exemptions should be provided in a contract to be recommended to the Board of Commerce and Industry.

The Board of Commerce and Industry will review any recommendations for exemptions made by the governor and LED and conduct public hearings on any application for exemption. The board will forward its recommendations and the proposed tax exemption contract and all other supporting documents to LED, the governor, the Legislative Budget Committee, the assessor, each member of the legislature, and the governing authority of the political subdivision before the governor takes action. Upon receipt of the recommendations and proposed contract the governor and the Legislative Budget Committee will each have 30 days to approve or reject the contract and, if approved, to return the contract to the board, LED and Revenue for implementation.

The Board of Commerce and Industry with approval of the governor may enter into contracts for periods not exceeding five years and the contracts may be renewed for periods of up to five years, provided that the total number of years of exemption shall not exceed 15 years unless provided in R.S. 47:3204(B)(1)(b).

### Requirements for Exemption

The secretary of economic development and the Board of Commerce and Industry may consider any of the following factors in determining whether to award manufacturing establishment exemptions:

1. The benefits to the state in terms of continued employment opportunities, investments in, and modernization of, facilities, expenditures for goods and services, and contributions to the revenue base of the state and local governments and the creation of new and additional permanent jobs.

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# Tax Incentives and Exemption Contracts

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## 14. Exemptions for Manufacturing Establishments *(continued)*

2. Competitive conditions existing in other states or in foreign nations.
3. The economic viability of the applicant, and the effect of any tax exemptions on economic viability.
4. The effect on applicant of temporary supply and demand conditions.
5. The effect of casualties and natural disasters.
6. The effect of United States and foreign trade policies.
7. The effect of federal laws and regulations bearing on the economic viability within the state of the applicant.
8. The competitive effect of like or similar exemptions granted to other applicants.
9. Those terms and conditions of the contract that provide for guarantees of employment and for clawbacks in the event of nonperformance of such guarantees and other terms and conditions favorable to the continued operation and staffing of the business.

### Tax Exemptions that May be Granted:

1. Corporation franchise tax.
2. Corporation income tax.
3. State sales and use taxes on machinery and equipment to be used by the applicant, on materials and building supplies, whether purchased directly or through a contractor, to be used in repair, reconstruction, modification, or construction of plant and facilities, and on materials and supplies used in the manufacture or production of the applicant's product.
4. State sales and use taxes on any other goods and services used or consumed by the applicant.
5. Any other state taxes imposed directly on the applicant.

### Legal Citation

R.S. 47:4301-4306

### Regulations

LAC 13:I.1701 et seq.

### Origin

Acts 1982, No. 773; amended by Acts 1987, Nos. 356, 535, and 921; Acts 1998, No. 32; Acts 1993, No. 400; Acts 1998, No. 32; Acts 2005, No. 403; Acts 2007, No. 389

### Effective Date

September 10, 1982

## 14. Exemptions for Manufacturing Establishments *(continued)*

### Beneficiaries

Companies that establish or expand manufacturing operations in the state, as well as Louisiana citizens who benefit from new employment, production and income opportunities

### Fiscal Effect

During Fiscal Year 2016-17, no tax credits were claimed.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
Unable to anticipate	\$1,500,000



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# Tax Incentives and Exemption Contracts

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## 15. Enterprise Zones

Enterprise zones are areas with high unemployment, low income, or a high percentage of residents receiving public assistance.

The Enterprise Zone, or EZ program is a jobs incentive program that provides Louisiana income and franchise tax credits to a new or existing business located in Louisiana creating permanent net new full-time jobs, and hiring at least 50% of those net new jobs from one of four targeted groups. The benefit provides:

- Either a one-time \$3,500 or \$1,000 job tax credit for each net new job created.
- A rebate of state sales and use taxes paid at the prevailing rate on qualifying materials, machinery, furniture, and/or equipment purchased or a 1.5% refundable investment tax credit on the total capital investment, excluding tax exempted items. The state sales and use tax rebate or 1.5% rebate shall not exceed \$100,000 per net new job created under the contract.

### Eligibility

This program is open to any Louisiana business (new or existing) not engaged in gaming, residential development, a church, retail business or restaurant with NAICS of either 44, 45, or 722, and that will:

- Create a minimum of 5 permanent net new full-time jobs within 24 months of their project start date or increase their current nationwide employment by 10% within the first 12 months.
- Hire 50% or more of the net new jobs created from one or more of the certification requirements from these targeted groups:
  1. Residency-someone living within an enterprise zone within the state;
  2. People receiving an approved form of public assistance;
  3. People lacking basic skills. A person performing below a ninth grade proficiency in reading, writing or mathematics; or
  4. People unemployable by traditional standards.

### Jobs Tax Credit

- Either a one-time \$3,500 or \$1,000 jobs tax credit for each certified net new job created.

## 15. Enterprise Zones (continued)

- Effective July 6, 2007, an employee must be a U.S. citizen and domiciled in Louisiana or establish domicile in Louisiana within 60 days of their employment.
- The jobs tax credit can be claimed against the taxpayer's state income or franchise tax liabilities and Limited Liability Companies and Subchapter S corporations may pass the job tax credit to the owners listed on the enterprise zone contract.
- The tax credits may be carried forward up to 10 years from the year earned.

### Sales Tax Rebate

- State sales and use tax rebates are paid on materials, furniture, fixtures, machinery and equipment purchased and used on the enterprise zone site.
- Items must be delivered during the project or construction period.
- The rebate period cannot exceed 30 months.

### Investment Tax Credit

- Effective July 10, 2007, taxpayers are given the option between the state sales and use tax rebate and a refundable investment income tax credit equal to 1.5 percent of qualified expenditures.
- Qualified expenditures are defined as amounts classified as capital expenditures for federal income tax purposes plus exclusions from capitalization provided for in Internal Revenue Code Section 263(a)(1)(A) through (L), minus the capitalized cost of land, capitalized leases of land, capitalized interest, capitalized costs of manufacturing machinery and equipment to the extent the capitalized manufacturing machinery and equipment costs are excluded from sales and use tax pursuant to R.S. 47:301(3), and the capitalized cost for the purchase of an existing building.

### Legal Citation

R.S. 51:1781 et seq.

### Regulations

LAC 13:I.701 et seq.

# Tax Incentives and Exemption Contracts

## 15. Enterprise Zones *(continued)*

### Origin

Acts 1981, No. 901; amended by Acts 1982, No. 120; Acts 1992, No. 1024; 1993 R.S., H.C.R. No. 71; Acts 1995, No. 194 and 581; Acts 1997, No. 624, 647, 1155, and 1172; Acts 1999, No. 386 and 977; Acts 2000, No. 46; Acts 2001, No. 9; Acts 2002, 1st Ex. Sess., No. 4; Acts 2002, No. 36; Acts 2003, No. 1203 and 1240; Acts 2005, No. 388, 339, and 443; Acts 2007, No. 271 and 279; Acts 2011, No. 359; Acts 2012, No. 45; Acts 2013 No. 141; Acts 2013, No. 423; Acts 2015, No. 114, §1, eff. June 19, 2015; Acts 2015, No. 126, §1, eff. July 1, 2015; Acts 2015, No. 426; Acts 2016, 1st Ex. Sess., No. 18 and 28; Acts 2017, No. 206 and 386

### Effective Date

September 11, 1981

### Sunset Date

LED shall not accept any advance notification on or after July 1, 2021.

### Beneficiaries

Companies who meet the statutory criteria and that locate new business establishments in designated enterprise zones, as well as Louisiana citizens who benefit from new employment, production and income opportunities

### Fiscal Effect

An analysis of the types of exemptions for Fiscal Year 2016-17 is as follows:

Fiscal Effect		
	FYE 6-17	% of Total
Sales Tax	\$1,778,064	4.33%
Jobs Credit	\$10,878,854	26.48%
Investment Credit	\$28,424,235	69.19%
Total	\$41,081,153	100.00%

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$40,000,000	\$50,000,000

## 16. Sound Recording Investor Tax Credit

The purpose of the tax credit is to encourage development in Louisiana of a strong capital and infrastructure base for sound recording productions in order to achieve a more independent, self supporting music and sound recording industry.

- For state certified productions meeting certain criteria, the program provides a tax credit of up to 18% for qualified expenditures.
- For Qualified Music Companies (QMC) meeting certain criteria, the program provides a payroll tax credit of up to 15%.

### Limitation on Tax Credit

- The total amount of credits certified during any calendar year is limited to \$2.16 million, with 50% of the program cap reserved for QMC's.
- The QMC per project cap is \$100,000 per year, and the credit shall never reduce an investor's income tax liability below 50% of the amount of the liability prior to the application of the credit.
- Credits will be granted on a first-come, first-served basis.
- If the total amount of credits applied for exceeds \$2.16 million, the excess will be treated as having been applied for on the first day of the subsequent year.

### Legal Citation

R.S. 47:6023

### Origin

Acts 2005, No. 485; amended by Acts 2007, No. 368; Acts 2009, No. 475; Acts 2013, No. 385; Acts 2015, No. 125; Acts 2015, No. 357; Acts 2015, No. 412; Acts 2017, No. 275

### Effective Date

For tax years beginning on or after January 1, 2006

### Sunset Date

July 1, 2021

### Beneficiaries

Investors in state-certified sound recordings projects

### Fiscal Effect

During Fiscal Year 2016-17, \$81,550 in rebates were issued.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$200,000	\$2,000,000

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# Tax Incentives and Exemption Contracts

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## 17. Urban Revitalization Tax Incentive Program

The purpose of the Urban Revitalization Tax Incentive Program is to stimulate business and industrial growth in the depressed areas of the state by providing assistance to businesses and industries and by providing tax incentives in these areas.

### Administration of Program

- LED is responsible for administering the program.
- LED will establish criteria for qualifications of urban revitalization zones based on unemployment, youth unemployment, per capita income, migration, and the number of residents receiving public assistance.
- LED will only designate urban revitalization zones after receiving notice from the appropriate governing authority that the governing authority agrees to the following:
  1. Devise and implement a program to improve police protection within the zone.
  2. Give priority to the use in the zone of any applicable funds received from the federal government.
  3. Assist LED in certifying employers to be eligible for the benefits of this program.
  4. Authorize LED to supersede certain specified local regulations and ordinances that may serve to discourage economic development within the revitalization zone.
  5. Assist LED in evaluating progress made in any revitalization zone within its jurisdiction.

### Requirements

- The business enterprise and its contractors give preference and priority to Louisiana business enterprises and to Louisiana suppliers, contractors, and labor, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operational efficiency.
- Requests for exemptions must be accompanied by an endorsement resolution approved by the governing body of the appropriate municipality, parish, port district, or industrial development board in whose jurisdiction the establishment is to be located.
- The business is or shall be located within the boundaries of an urban revitalization zone.

## 17. Urban Revitalization Tax Incentive Program *(continued)*

- The business located in an urban revitalization zone and receiving benefits certifies that at least 35 percent of its employees:
  1. Are residents of the same or a contiguous revitalization zone as the location of the business.
  2. Were receiving some form of public assistance prior to employment.
  3. Were considered unemployable by traditional standards or lacking in basic skills.
  4. Any combination of the above.
- Employee certifications must be updated annually if the business is to continue receiving benefits.

### Incentives

The Board of Commerce and Industry after consultation with the secretaries of LED and LDR, and with the approval of the governor, may enter into contracts to provide for the following tax incentives:

- Exemption from all or a portion of the state income taxes for five years and renewable once for five years.
- Exemption from all or a portion of the state corporate franchise taxes for five years and renewable once for five years.
- \$5,000 tax credit per net new employee as determined by the company's average annual employment reported under the Louisiana Employment Security Law.
  1. This tax credit may be applied to any state income or franchise tax liability during the taxable year in which the increase in average annual employment occurred.
  2. If the entire credit cannot be used in the year earned, the excess of the credit can be refunded.
- These incentives are in lieu of any incentives under the Enterprise Zone Program.

### Legal Citation

R.S. 51:1801 et seq.

### Origin

Acts 2005, No. 466, amended by Acts 2017, No. 323 and 400.

### Effective Date

July 1, 2005

### Sunset Date

July 1, 2017

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# Tax Incentives and Exemption Contracts

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## 17. Urban Revitalization Tax Incentive Program *(continued)*

### Beneficiaries

Businesses and industries that locate in urban revitalization zones, as well as Louisiana citizens who benefit from new employment, production and income opportunities

### Estimated Fiscal Effect

This credit has sunsetted and no activity is anticipated. During Fiscal Year 2016-17, no tax credits were claimed.

## 18. Mentor-Protégé Tax Credit

The Mentor-Protégé tax credit program allows qualifying entities that fulfill the terms of a Mentor-Protégé Agreement to earn a refundable tax credit. Qualifying mentors must possess a favorable financial health, including profitability for at least two years; demonstrate its capability to provide managerial or technical skills transfer or capacity building; and meet the goals and objectives of the Mentor-Protégé Agreement. Qualifying protégés must be certified active in the Small And Emerging Business Development Program or registered and approved in the Small Entrepreneurship Program by LED and be willing to participate with a mentoring firm. The program is limited to issue \$1,000,000 in credits per year and each Mentor-Protégé agreement is limited to \$50,000 of credits.

### Legal Citation

R.S. 47:6027

### Origin

Acts 2007, No. 356

### Effective Date

Effective for all income tax years beginning on or after January 1, 2007, and franchise tax years beginning on or after January 1, 2008.

### Sunset Date

December 31, 2011

However, taxpayers have twenty years to utilize the credit.

### Beneficiaries

Established companies acting as a mentor and smaller, emerging Louisiana-based businesses who are the protégé

### Estimated Fiscal Effect

We are unable to anticipate the future fiscal effect because no new credits are being issued and at the time of publication, we have no data on the carry forward credits available for use. During Fiscal Year 2016-17, a negligible amount of individual income tax credits were claimed.

# Tax Incentives and Exemption Contracts

## 19. Technology Commercialization Credit and Jobs Program

The purpose of the technology commercialization credit program is to induce companies to invest in the commercialization of Louisiana technology in Louisiana. The technology must be created by a Louisiana business and researched by a Louisiana university or college. The program provides a 40 percent refundable tax credit for companies that invest in the commercialization of Louisiana technology and a six percent payroll rebate for the creation of new, direct jobs.

### Tax Credits

- Qualifying individuals or businesses that invest in the commercialization of Louisiana technology in the state may apply for a tax credit on any income or corporation franchise tax liability and earn a refundable tax credit based on new jobs created.
- Qualifying research centers that develop Louisiana technology to be commercialized may apply for a refundable tax credit based on new jobs created.
- Income or corporation franchise tax credit is equal to 28.8 percent of the amount of money invested in commercialization costs for one business location meeting the requirements of R.S. 51:2353(C).
- Credits will be granted for a period of not less than five tax years and can be renewed for an additional five tax years if further qualifications are met.
- Neither credit can be applied for and granted for more than ten consecutive tax years for the same location.

### Application of Tax Credits

- Entities taxed as corporations for state tax purposes must claim credit on their corporation income and franchise tax return.
- Individuals, estates, and trusts must claim credit on their individual income tax return.
- Entities not taxed as corporations must claim credit on the partner's tax returns.

### Legal Citation

R.S. 51:2351 et seq.

### Regulations

LAC 13:I.2701 et seq.

### Origin

Acts 2002 1<sup>st</sup> Ex. Sess., No. 8; amended by Acts 2007, No. 41; Acts 2011, No. 416; Acts 2015, No. 125; Acts 2017, No. 400.

## 19. Technology Commercialization Credit and Jobs Program *(continued)*

### Effective Date

Income tax years beginning after December 31, 2002, and franchise tax years beginning after December 31, 2003.

### Sunset Date

December 31, 2017

However, taxpayers have twenty years to utilize the credit.

### Beneficiaries

Qualifying individuals or businesses that invest in the commercialization of Louisiana technology

### Fiscal Effect

An analysis of the types of credits for Fiscal Year 2016-17 is as follows:

Fiscal Effect		
	FYE 6-17	% of Total
Corporate Income and Franchise Tax	\$58,092	101.78%
Individual Income Tax	(\$1,016)	(1.78%)
Total	\$57,076	100.00%

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$100,000	Not in effect

This credit has sunsetted. The estimated fiscal effect for this program is based on no new credits being issued and the use of credits being carried forward.

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# Tax Incentives and Exemption Contracts

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## 20. Angel Investor Tax Credit Program

The purpose of the Angel Investor Tax Credit Program is to encourage third parties to invest in early stage wealth-creating businesses in the state, expand the state's economy by enlarging its base of wealth creating businesses, and to enlarge the number of quality jobs available to retain the presence of young people educated in the state.

### Qualifications

The Angel Investor Tax Credit Program is administered by LED. Individuals or entities that invest in a Louisiana Entrepreneurial Business that is domiciled in the state, employs 50 or fewer full-time employees, and has gross annual sales of less than \$10 million or has a business net worth of less than \$2 million may apply for income or corporation franchise tax credits for a period of five tax years.

Applicants must meet the following qualifications:

- The investment in the Louisiana Entrepreneurial Business must be an investment that is at risk and not secured or guaranteed. "At risk" means that the repayment of the investment is entirely dependent on the success of the business.
- The funds invested by the applicant cannot have been raised as a result of other Louisiana tax incentive programs, funds pooled or organized through capital placement agreements for the purpose of equity and venture capital investing unless approved by LED, or as the result of illegal activity.
- Angel investors cannot be the principal owners of the business who are involved in the operation of the business as a full-time professional activity nor can their spouses and relatives within the third degree of consanguinity or affinity. A principal owner means one or more persons who own an aggregate of 50 percent or more of the Louisiana Entrepreneurial Business.
- The use of proceeds from the investment must be used for capital improvements, plant equipment, research and development, working capital for the business, or other business activity as may be approved by LED. The proceeds cannot be used to pay dividends, repay shareholder's loans, redeem shares, or repay debt unless approved by LED.
- The applicant must meet the definition of accredited investor established by LED.
- The investment in the Louisiana Entrepreneurial Business by the applicant must be maintained for three years unless otherwise approved by LED.

## 20. Angel Investor Tax Credit Program (continued)

Louisiana Entrepreneurial Business must meet the following requirements:

- The principal business operations of the business are located in Louisiana.
- Before the investment by the taxpayer, the business has received approval as qualified to receive angel investor tax credits by LED.
- The Louisiana Entrepreneurial Business must demonstrate that it will be a wealth-creating business for Louisiana by demonstrating in its business plan that it will have more than 50 percent of its sales from outside Louisiana.
- The business is not a business engaged primarily in retail sales, real estate, professional services, gaming or gambling, natural resource extraction or exploration, or financial services including venture capital funds.

Tax credit qualifications:

- Credits are issued on a first-come, first-served system.
- Credit is equal to up to 25.2% of investment and the credit is divided equally over five years.
- Credit is useable in the income tax year that occurs 24 months from certification.
- The investment in the Louisiana Entrepreneurial Business may not exceed \$720,000 per year per business and \$1.44 million total per business.
- The credit will be allowed against the income tax for the taxable period in which the credit is earned and the franchise tax for the taxable period following the period in which the credit is earned.
- The total angel investor tax credits granted by LED in any calendar year may not exceed \$3.6 million.

### Transferability of the Credit

Any credits allocated to a taxpayer and not previously claimed by any taxpayer against its tax may be transferred or sold to another taxpayer, subject to the following conditions:

- A single transfer or sale may involve one or more transferees.
- Transferrors and transferees must submit notification of any transfer or sale of tax credits to LED and LDR within 30 days after the transfer or sale of the tax credits.



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# Tax Incentives and Exemption Contracts

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## 20. Angel Investor Tax Credit Program (continued)

- Failure to comply with the transfer requirements will result in the disallowance of the tax credit until the taxpayers are in full compliance.
- The credit transfer or sale does not extend the time in which the credit can be used.

### Application of Tax credits

- All entities taxed as corporations for state tax purposes must claim credit on their corporation income and franchise tax return.
- Individuals must claim credit on their individual income tax return.
- Estates or trusts must claim credit on their fiduciary income tax returns.
- Entities not taxed as corporations must claim credit on the partner's tax returns.
- Tax credits will expire beginning with the 11th tax year after the tax year in which the credit was originally granted.

### Legal Citation

R.S. 47:6020 et seq.

### Origin

Acts 2005, No. 400, amended by Acts 2007, No. 445; Acts 2011, No. 414; Acts 2015, No. 125; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 323, 345, and 400

### Effective Date

For income tax and franchise tax years beginning on or after January 1, 2005

### Sunset Date

Null and void on July 1, 2021

### Beneficiaries

Qualifying third-party investors in early stage wealth-creating businesses in the state and the people of the state because of the additional quality jobs available

## 20. Angel Investor Tax Credit Program (continued)

### Fiscal Effect

An analysis of the types of credits and exemptions for Fiscal Year 2016-17 is as follows:

Fiscal Effect		
	FYE 6-17	% of Total
Corp. Income & Fran Tax	\$29,019	1.89%
Individual Income Tax	\$1,506,713	98.11%
Total	\$1,535,732	100.00%

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$2,000,000	\$3,000,000

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# Tax Incentives and Exemption Contracts

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## 21. Musical & Theatrical Productions Tax Credit

The purpose of the tax credit is to establish and promote Louisiana as one of the primary places in the United States in which live performances, from creation to presentation, are present and thriving.

For state certified productions meeting certain criteria, the program provides a tax credit for qualified production expenditures with additional tax credits available for payroll.

### Limitation on tax credit:

- Tax credit can not exceed the total base investment in that production.
- The total amount of tax credits granted by LED in any fiscal year shall not exceed \$10 million, with 50% reserved for productions by nonprofit organizations.
- Credits will be granted on a first-come, first-served basis.
- If the total amount of credits applied for exceeds the \$10 million availability, the excess will be treated as having been applied for on the first day of the subsequent year.

### Legal Citation

R.S. 47:6034

### Origin

Acts 2007, No. 482, amended by Acts 2009, No. 448 and 465; Acts 2013, No. 197; Acts 2013, No. 418; Acts 2015, No. 125; Acts 2015, No. 357; Acts 2015, No. 361; Acts 2015, No. 412; Acts 2017, No. 396 and 400.

### Effective Date

The credit is available for qualifying expenditures made on or after July 19, 2007.

### Sunset Date

July 1, 2025

### Beneficiaries

Musical or theatrical productions or musical or theatrical facility infrastructure projects

## 21. Musical & Theatrical Productions Tax Credit *(continued)*

### Fiscal Effect

An analysis of the types of credits and exemptions for Fiscal Year 2016-17 is as follows:

Fiscal Effect		
	FYE 6-17	% of Total
Corp. Income & Fran Tax	\$3,947,792	64.71%
Individual Income Tax	\$2,153,002	35.29%
Total	\$6,100,794	100.00%

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$7,800,000	\$6,000,000



# Tax Incentives and Exemption Contracts

## 22. Retention and Modernization Credit

The purpose of the retention and modernization credit is to provide an inducement for businesses to remain in the state and not relocate outside the state and to modernize their existing operations in Louisiana.

### Tax Credit

The credit is granted at the rate of up to five percent of the amount of qualified expenditures incurred by the employer for modernization with the credit divided in equal portions for five years. The credit can be claimed against individual income tax or corporation income or franchise taxes.

A retention and modernization tax credit shall expire and have no value or effect on tax liability beginning with the eleventh tax year after the tax year in which it was originally granted.

### Qualifications

Employers must be a manufacturer, as defined by NAICS codes 113310, 211, 213111, 541360, 311-339, 511-512, and 54171, as the employer's primary function.

"Modernization" means capitalized investment by an employer in technology, machinery, building and/or equipment that meets one of the following provisions:

- (1) an increase in the maximum capacity or efficiency of the facility of greater than ten percent or
- (2) an approved investment from a company with multi-state operations with an established competitive capital project program. "Project" includes the design, development, installation and construction of a technology, machinery, building and equipment that results in a modernization of an employer's product line, unit, or entire operations that requires at least five million dollars of investment. No project placed in service before July 1, 2011 shall be eligible for the credit.

### Application of Credits

- Individuals must claim credit on their individual income tax return.
- Estates or trusts must claim credit on their fiduciary income tax returns.
- Entities taxed as corporations will claim credit on their corporation income and franchise tax return.
- Entities not taxed as corporations will claim the credit on the returns of the partners or members.

### Ineligible Participants

- Retail employers as identified by the NAICS code sections 44 and 45.
- Business associations and professional organizations as defined in NAICS code 8139.

## 22. Retention and Modernization Credit (continued)

- State and local government enterprises.
- Real estate agents, operators, and lessors.
- Automotive rental and leasing.
- Local solid waste disposal, local sewage systems, and local water systems businesses.
- Nonprofit organizations.
- Employers engaged in the gaming industry as identified by the NAICS code sections 713210 and 721120.
- Attorneys.
- An employer who has defaulted on or not repaid any loan or other obligation involving public funds or an employer who has declared bankruptcy under which an obligation of the employer to pay or repay public funds or monies was discharged as part of such bankruptcy.
- An employer who is in default on any filing or payment with or to the state or any of its agencies or political subdivisions and in which an assessment or judgment that is final and non-appealable has been rendered, and remains outstanding, in favor of the state, or any of its agencies, or political subdivisions.

### Credit Limitations

The total amount of modernization tax credits granted by the LED in any calendar year can not exceed \$7.2 million.

### Legal Citation

R.S. 51:2399.1 through 51:2399.6

### Origin

Acts 2009, No. 447; Acts 2015, No. 125; Acts 2017, No. 400.

### Effective Date

August 15, 2009

### Beneficiaries

Owners and employees of businesses needing modernization

### Fiscal Effect

An analysis of the types of credits and exemptions for Fiscal Year 2016-17 is as follows:

Fiscal Effect		
	FYE 6-17	% of Total
Corp. Income & Fran Tax	\$3,343,558	91.77%
Individual Income Tax	\$300,000	8.23%
Total	\$3,643,558	100.00%

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$5,000,000	\$6,000,000

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# Tax Incentives and Exemption Contracts

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## 23. Green Job Industries Credit

The purpose of this credit is to promote “green job industries”. Green job industries include energy efficiency and renewable energy industries, energy-efficient building, construction, and retrofit industries, the renewable electric power industry, the energy efficient and advanced drive train vehicle industry, the biofuels industry, the deconstruction and materials use industries, the energy efficiency assessment industry serving the residential, commercial, or industrial sectors, and manufacturers that produce sustainable products using environmentally sustainable processes and materials approved by a nationally recognized high performance environmental building rating system, or that have the ENERGY STAR designation from the United States Environmental Protection Agency.

### Application and Approval

Taxpayers must submit an application for initial certification to LED that includes the following information:

1. A preliminary budget including estimated Louisiana payroll, estimated base investment, including the manner in which available federal and state incentives will be utilized in the financing or operation of the project.
2. A general description of the project.
3. Estimated dates for start and completion of the construction of the project.
4. The names of the companies and financiers to whom the credits shall be allocated and the estimated amounts of the credits to be allocated to each.

Upon approval by the secretary of LED, the commissioner of administration, and the office of the governor, LED shall initially certify a project as a state-certified green project and send notice of such certification to the applicant and to the secretary of the Department of Revenue.

### Qualifications

When determining which projects qualify for certification, the LED, the commissioner of administration, and the office of the governor shall take the following factors into consideration:

- The impact of the state-certified green project on the employment of Louisiana residents.

## 23. Green Job Industries Credit (*continued*)

- The extent to which students in Louisiana colleges, universities, and vocational-technical schools will have an opportunity to work in a facility which manufactures green products.
- The impact of the project on the overall economy of the state including the manner in which available federal and state incentives will be utilized in the financing or operation of the project.

No tax credits can earned on multiple-use facilities until the facility directly used in the green job industries is complete.

### Tax Credit

1. The tax credit shall be calculated as a percentage of the total base investment dollars certified per project as follows:
  - Total base investment greater than \$100,000 and less than or equal to \$300,000—10 percent tax credit.
  - Total base investment greater than \$300,000 and less than or equal to \$1 million—20 percent tax credit.
  - Total base investment greater than \$1 million—25 percent tax credit.
2. Payroll Credit.
  - To the extent that base investment is expended on payroll for Louisiana residents employed in connection with the construction of a state-certified green project—additional tax credit of 10 percent of the payroll. However, if the payroll to any one person exceeds \$1 million, this additional credit excludes any salary for that person.
  - If the payroll is for Louisiana residents employed in connection with a state-certified green project, who are graduates of an institution within the Louisiana Community and Technical College System or graduates of an apprenticeship program registered with the Louisiana Workforce Commission, —additional tax credit of one percent of the payroll.

### Application of Credits

- Individuals must claim credit on their individual income tax return.
- Estates or trusts must claim credit on their fiduciary income tax returns.

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# Tax Incentives and Exemption Contracts

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## 23. Green Job Industries Credit *(continued)*

- Entities taxed as corporations will claim credit on their corporation income tax return.
- Entities not taxed as corporations will claim the credit on the returns of the partners or members.

### Ineligible Participants

State certification will not be granted to a project by any person or company, or financed by any person or company, or any company or financier owned, affiliated, or controlled, in whole or in part, by any company or person, which is in default on a loan made by the state or a loan guaranteed by the state, or which has ever declared bankruptcy under which an obligation of the company or person to pay or repay public funds or monies was discharged as a part of such bankruptcy.

### Credit Limitations

The total amount of green job industries credits granted by the LED in any calendar year can not exceed \$5 million.

### Legal Citation

R.S. 47:6037

### Origin

Acts 2009, No. 520; amended by Acts 2015, No. 125 and 357; Acts 2017, No. 323 and 400

### Effective Date

August 15, 2009

Provisions of the Act shall become effective if the Dept. of Natural Resources receives a letter of award from the U.S. Dept. of Energy evidencing the obligation of funding in the amount of at least \$5,000,000 per year, for a minimum of three years.

### Sunset Date

No credit shall be allowed for applications received on or after July 1, 2017.

### Beneficiaries

Investors in green job industries

### Estimated Fiscal Effect

This credit has sunsetted and was never in effect because Department of Natural Resources has not received the letter of award.

## 24. Louisiana Quality Jobs Program

The Quality Jobs Program is an incentive to encourage businesses to locate or expand existing operations in Louisiana and create quality jobs focusing on Louisiana Vision 2020 traditional and seed clusters industries.

### Eligibility

- To qualify a business must be in one of the following six industries:
  1. Biotechnology, Biomedical, and Medical Industries serving rural hospitals
  2. Micro-manufacturing
  3. Software, Internet, and Telecommunications
  4. Clean Energy Technology
  5. Food Technology
  6. Advanced Materials;
  7. Or be any of the following:
    - a. A manufacturer with certain NAICS Codes;
    - b. An oil and gas field service business and pay at least \$30,000 annually for each new direct job created and business located in Louisiana is the national or regional headquarters of a multi-state business including Louisiana and the Gulf of Mexico;
    - c. A business that must or will have sales of at least 50 percent of its total annual sales to out-of-state customers or buyers, and/or to in-state customers or buyers if the product or service is resold by the purchaser to an out-of-state customer or buyer for ultimate use, or to the federal government.
    - d. The employer is located in a parish which is within the lowest twenty-five percent of parishes based on per capita income.
    - e. The employer is the corporate headquarters of a multi-state business.
    - f. The employer is a business that spends fifty percent or more of its time performing services for its out-of-state parent company.
    - g. The employer is in the business of maintenance, repair, and overhaul operations for commercial transport aircraft.

### Job Requirements

Create a minimum of five new direct jobs if the employer has 50 or less employees or must create a minimum of 15 new direct jobs if the employer has more than 50 employees.

These jobs must be full time, (full-time employees — working 30 hours or greater per week).

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# Tax Incentives and Exemption Contracts

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## 24. Louisiana Quality Jobs Program (continued)

Provide a basic health benefit plan/health insurance coverage, including coverage for basic hospital care, coverage for physician care and coverage for health care which shall be the same as that provided to executive, administrative or professional employees.

Coverage must become effective no later than the first day of the month 90 days after the date of hire.

The employer's contribution must be in compliance with federally mandated healthcare requirements, or if no federally mandated healthcare requirements exist, the employer's contribution must have a value of at least one dollar and twenty-five cents per hour. For a non self-insured company, the value of the plan is the actual cost for the individual coverage. For a self-insured company, LED will determine the value. Basic health care benefits do not include dental, vision or life.

### Minimum Wage and Health Care Requirements

The minimum wage requirement for new direct jobs is \$18.00 per hour in wages.

Minimum Annual Gross Payroll Requirements:

If an employer employs:

- 50 or fewer employees state-wide prior to the start date of the contract, the minimum annual payroll threshold for at least 5 new direct jobs is \$225,000.
- More than 50 employees statewide prior to the start date of the contract, the minimum annual payroll threshold for at least 15 new direct jobs is \$675,000.

If the actual verified annual gross payroll for the employer's third fiscal year does not show a minimum of five new direct jobs and does not equal or exceed a total annual payroll for new direct jobs of either \$675,000 or \$225,000, whichever is applicable, the employer will be determined to be ineligible.

### Payroll Benefit

- The benefit rate shall be 4 percent for new direct jobs which pay at least \$18.00 per hour in wages and health care benefits;
- The benefit rate shall be 6 percent for new direct jobs which pay at least \$21.66 per hour in wages and health care benefits;
- Health care benefits paid shall be the value of the health care benefits plan elected by an employee, as determined by LED.

### Sales Tax Rebate

- State sales/use tax rebate on materials for new infrastructure, machinery, and equipment purchased during the construction period and used exclusively on site.
- A portion of the local sales/use tax may be rebated with an Endorsement Resolution from the local governing authority received before the application is approved.
- Local sales tax dedicated to schools or bond indebtedness is not eligible for rebate.

### Project Facility Expense Rebate

- Effective July 10, 2007, taxpayers are given the option between the sales and use tax rebate and a project facility expense rebate equal to 1.5 percent of qualified expenditures.
- Qualified expenditures are defined as amounts classified as capital expenditures for federal income tax purposes plus exclusions from capitalization provided for in Internal Revenue Code Section 263(a)(1)(A) through (L), minus the capitalized cost of land, capitalized leases of land, capitalized interest, capitalized costs of manufacturing machinery and equipment to the extent the capitalized manufacturing machinery and equipment costs are excluded from sales and use tax pursuant to R.S. 47:301(3), and the capitalized cost for the purchase of an existing building.

For contracts entered into on or after June 30, 2007, Acts 387 of the 2007 Regular Legislative Session changed the requirements for an employer to qualify for the rebate.

### Legal Citation

R.S. 51:2451 et seq.

### Regulations

LAC 13:I.1101 et seq.

### Origin

Acts 1995, No. 1238; amended by Acts 1996, 1<sup>st</sup> Ex. Sess., No. 39; Acts 2000, No. 46; Acts 2002, 1<sup>st</sup> Ex. Sess., No. 110 and 153; Acts 2003, No. 47, 847, and 1240; Acts 2004, No. 13, 699, and 899; Acts 2005, No. 326; Acts 2007, No. 387 and 400; Acts 2011, No. 353 and 410; Acts 2012, No. 219; Acts 2015, No. 126; Acts 2016, 1<sup>st</sup> Ex. Sess., No. 28; Acts 2016, No. 663; Acts 2017, No. 386

### Effective Date

July 1, 1995

### Sunset Date

No new advance notifications to receive tax exemptions or credits will be accepted by LED on or after July 1, 2022.

# Tax Incentives and Exemption Contracts

## 24. Louisiana Quality Jobs Program (continued)

### Beneficiaries

Those establishments that meet the statutory requirements and that create new direct jobs in the state as well as Louisiana citizens who benefit from new employment, production and income opportunities

### Fiscal Effect

An analysis of the type of rebate, credits and exemptions for Fiscal Year 2016-17 is as follows:

Fiscal Effect		
	FYE 6-17	% of Total
Sales Tax Rebate	\$22,507,492	22.66%
Jobs Credit	\$53,282,277	53.64%
Investment Credit	\$23,552,526	23.71%
Total	\$99,342,295	100.00%

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$100,000,000	\$150,000,000

## 25. Corporate Tax Apportionment Program

The Corporate Tax Apportionment Program extends the single sales factor computation for corporate income and franchise tax purposes utilized by manufacturers and merchandisers to other qualified business sectors. The secretary of LED may invite businesses who meet the eligibility requirements to participate in the program.

“Single sales factor” shall mean the single sales factor apportionment percent for manufacturing, merchandising, and other businesses as provided for in R.S. 47:287.95(F)(2)(b) and 606(A)(3)(b).

### Qualifications

1. At least 50 percent of the total annual sales of the business from its Louisiana site or sites is to out-of-state customers or buyers, or to in-state customers or buyers who resell the product or service to an out-of-state customer or buyer for ultimate use, or to the federal government, or any combination thereof.
2. The activities of the business in Louisiana must include corporate headquarters, logistics, warehousing, data center, clean technology, destination health care, research and development, renewable energy, digital media and software development, or other business sector targeted by the business attraction and retention efforts of LED.
3. Except when the business will provide at least 25 new headquarter jobs or shared service center jobs, and the business is not primarily engaged in retail sales, real estate, professional services, natural resource extraction or exploration, financial services, or venture capital funds.

### Application and Approval

A business must apply and be certified as eligible by LED, and the contract must be approved by the Joint Legislative Committee on the Budget. LED is required to send a copy of the approved certification to the Department of Revenue. Eligibility will be certified annually and LED will notify the Department of Revenue if the business’ participation in the program is suspended or terminated. Contracts can be renewed for an additional period of up to 20 years.

### Ineligible Participants

No business engaged in gaming or gambling shall be eligible for this program.

### Legal Citation

R.S. 47:4331

### Regulations

LAC 13:I.4101 et seq



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# Tax Incentives and Exemption Contracts

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## 25. Corporate Tax Apportionment Program (continued)

### Origin

Acts 2012, No. 415; amended by Acts 2013, No. 220; Acts 2017, No. 323

### Effective Date

Income tax periods beginning on or after January 1, 2013, and corporation franchise tax periods beginning on or after January 1, 2014.

### Sunset Date

No new contracts may be approved on or after July 1, 2017, but contracts existing on that date may continue and be renewed. Contracts may be for an initial term of up to 20 years, renewable for another 20 years at the discretion of the Secretary of LED.

### Estimated Fiscal Effect

This credit has sunsetted and no contracts have been entered into.

## 26. Corporate Headquarters Relocation Program

The Corporate Headquarters Relocation Program provides a rebate equal to 25 percent of a participating company's relocation costs when they relocate or expand their headquarters within Louisiana. The secretary of LED may invite businesses who meet the eligibility requirements to participate in the program.

### Program Administration

The secretary of LED may invite a business to participate in the program, upon determining the business meets all of the following criteria:

1. the business is relocating a headquarters to Louisiana or is expanding headquarters in Louisiana;
2. the secretary determines that participation in the program will be a significant factor in a highly competitive site selection situation to encourage the business to relocate or expand the headquarters in Louisiana;
3. the secretary determines that securing the project will result in a significant positive economic benefit to the state; and
4. relocation or expansion of the headquarters will create at minimum of 25 headquarters jobs.

### Application and Approval

LED shall determine the terms and conditions of the contract, including but not limited to, scope of the project, performance obligations, determination of qualifying relocation costs, and the maximum amount of qualifying relocation costs eligible for the rebate.

The secretary may request approval of the contract by the Joint Legislative Committee on the Budget upon determining the company meets the eligibility requirements of the program. The Joint Legislative Committee on the Budget may approve the contract for the business' participation in the program.

### Certification of Qualifying Costs

The qualified business must provide LED with a cost report detailing all relocation costs upon completion of the relocation or expansion. LED will review the cost report and certify a dollar value of relocation expenditures eligible for the rebate. LED may require an audit of the relocation costs at the expense of the qualified business.

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# Tax Incentives and Exemption Contracts

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## 26. Corporate Headquarters Relocation Program *(continued)*

### Rebate

The rebate is equal to 25 percent of a participating company's relocation costs as approved by LED. The rebate is claimed by the business in equal installments over a five year period of time.

The rebate cannot be paid in the same fiscal year in which the contract is approved by the Joint Legislative Committee on the Budget.

### Ineligible Participants

No business engaged in gaming or gambling shall be eligible for this program.

### Legal Citation

R.S. 51:3111-3115

### Regulations

LAC 13:I.4501 – 4509

### Origin

Acts 2012, No. 503; amended by Acts 2013, No. 220; Acts 2015, No. 126; Acts 2016, 1st Ex. Sess., No. 29

### Effective Date

July 1, 2012

### Sunset Date

No new contracts may be approved after June 30, 2017

### Estimated Fiscal Effect

This credit has sunsetted and no contracts have been entered into.

## 27. Competitive Projects Payroll Incentive Program

The Competitive Projects Payroll Incentive Program provides an incentive rebate of up to 15 percent of a participating company's new payroll. The secretary of LED may invite businesses who meet the eligibility requirements to participate in the program. Contracts may be for an initial term of up to 5 years, renewable for another 5 years at the discretion of LED.

### Qualifications

The secretary may invite a business to participate in the program, upon determining the business meets all of the following criteria:

1. at least 50 percent of the total annual sales of the business from its Louisiana site or sites is to out-of-state customers or buyers, or to in-state customers or buyers who resell the product or service to an out-of-state customer or buyer for ultimate use, or to the federal government, or any combination thereof;
2. the business will primarily engage in one of the following activities at the project site:
  - a. manufacturing of the certain listed types of durable goods;
  - b. manufacturing of pharmaceutical products;
  - c. conversion of natural gas to diesel, jet fuel, or other refined fuels;
  - d. data storage or data services, provided that at least 75 percent of sales meet the out-of-state sales requirements of (1) above; or
  - e. other activities as recommended by the secretary and approved by the Joint Legislative Committee on the Budget; and
  - f. the business offers or will offer a basic health benefits plan to individuals it employs within 90 days of the effective date of qualifying for the incentive rebates pursuant to R.S. 51:3111.

### Application and Approval

LED will determine the eligibility of a business based on the determination that program participation will be a significant factor in a highly competitive site selection situation, and that securing the project will provide a significant positive economic benefit to the state. The contract must be approved by the Joint Legislative Committee on the Budget. If approved, LED will then execute the contract with the business and provide a copy thereof to the Department of Revenue. The contract provisions must include the percentage of new payroll eligible for rebate, the maximum amount of new payroll eligible for rebate, the number of new jobs and amount of new payroll required to be created and maintained, and any other performance obligations required.

# Tax Incentives and Exemption Contracts

## 27. Competitive Projects Payroll Incentive Program *(continued)*

### Certification of Eligible Projects

LED will annually verify the company's continued eligibility for the rebate and send a certification letter to the Department of Revenue stating the amount of rebate to be issued.

### Ineligible Participants

Businesses engaged in gambling or gaming, natural resource extraction, retail sales, real estate, professional services, venture capital funds, shipbuilding, wood products, agriculture, or manufacturing of machinery primarily intended to serve the energy industry.

### Legal Citation

R.S. 51:3121

### Regulations

LAC 13:I.4301-4311

### Origin

Acts 2012, No. 507; amended by Acts 2013, No. 220; Acts 2014, No. 421; Acts 2015, No. 126; Acts 2016, 1st Ex. Sess., No. 28; Acts 2016, No. 664; Acts 2017, No. 386

### Effective Date

July 1, 2012

### Sunset Date

No new contracts may be approved on or after July 1, 2017, but contracts existing on that date may continue and be renewed.

### Fiscal Effect

During Fiscal Year 2016-17, no rebates were claimed.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$400,000	\$500,000

## 28. Procurement Processing Company Rebate Program

The secretary of LED is authorized to enter into contracts with procurement processing companies to recruit to Louisiana, purchasing companies that generate sales of items subject to states sales/use taxes. These contracts provide a rebate to these procurement processing companies which are derived from a portion of the state sales and use taxes collected on new taxable sales by the purchasing company which is managed by the procurement processing company under contract with LED. The initial term of the contract cannot exceed twenty years and can be renewed for up to an additional twenty years.

The state sales tax revenues generated as a result of the activities of these purchasing companies are to be disbursed in the following order of priority:

1. The payment of rebates to procurement processing companies in accordance with the provisions of their contract;
2. Reimbursement of administrative expenses to LDR; and
3. The remaining balance, up to thirty million dollars, to the Unfunded Accrued Liability and Specialized Educational Institutions Support Fund-Specialized Educational Institutions Account, as established under R.S. 39:100.126.

### Legal Citation

R.S. 47:6351

### Origin

Acts 2012, No. 800

### Effective Date

July 1, 2012

### Beneficiaries

Procurement processing companies

### Fiscal Effect

During Fiscal Year 2016-17, \$4,211,331 in rebates were issued.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$11,500,000	\$15,000,000





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# **Telecommunication Tax for the Deaf Exemption**

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# Telecommunication Tax for the Deaf

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## { Introduction }

Act 660 of the 1988 Regular Legislative Session levied a tax on each residence and business telephone access line of local exchange companies operating in Louisiana. This tax was for the purpose of providing access to all public telecommunications services to persons who are deaf, deaf and blind, hard of hearing, speech impaired, or who are similarly handicapped. The taxes are collected from the customers monthly and remitted quarterly by each telecommunication service company. The proceeds from this tax are placed in a special fund designated as the Telecommunications for the Deaf Fund.

### **Legal Citation**

R.S. 47:1061

### **Tax Base**

Use of each residence and business customer telephone access line. The telephone number for each wireless handset device on each residential and business customer.

### **Tax Rate**

5¢ per month per line; 4.5¢ per month per line (effective 10/1/17)

### **Type of Tax Exemption**

For telecommunication tax for the deaf purposes, the tax exemption is in the form of a credit. Credits are generally defined as an amount that is subtracted from a tax liability.

### **Significant Changes**

#### **2017 Regular Legislative Session**

Act 273 reduces the tax imposed to four and one-half cents per month per line for each wireline access line and per telephone number for each wireless handset device on each residential and business customer of a local or wireless telecommunication service company operating in Louisiana. The tax does not apply to wireless devices used only for data purposes or to prepaid wireless devices.

This Act also increased the credit telecommunication service companies receive for filing returns and remitting payments timely to 3 percent. *Effective October 1, 2017.*

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# Telecommunication Tax for the Deaf

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# Telecommunication Tax for the Deaf

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{ Credit }

## 1. Timely Filing and Payment

A credit of 2 percent of the tax collected is allowed for the timely reporting and remitting of the taxes due. The purpose of this credit is to encourage compliance and to compensate companies for expenses related to the collection and remittance of this tax. Effective October 1, 2017, the credit was increased to 3 percent.

### Legal Citation

R.S. 47:1061(A)(2)

### Origin

Acts 1988, No. 660; amended by Acts 2017, No. 273

### Effective Date

September 1, 1988

### Beneficiaries

The local or wireless telecommunication service companies operating in Louisiana that accurately and timely remit the tax reports.

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$125,000	\$168,000

*Note:* The estimated fiscal effect is based on a 3 percent discount on the new lower tax rate and expanded tax base.

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# **Tobacco Tax Exemptions**

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# Tobacco Tax

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## { Introduction }

A tobacco tax was first levied in 1926, by Act 197 for the benefit of public schools. Retail dealers were taxed at the rate of 1¢ per 10¢ of the retail selling price of cigarettes, smoking and chewing tobacco, cigars, cheroots, and snuff. The tax was effective October 1, 1926, for a period of four years.

Act 4 of 1932 levied a new tax on sales of cigars, cigarettes and smoking tobacco effective September 1, 1932. The cigarette rate was based on each cigarette sold. Cigars were taxed on weight and price per 1,000 and the tax ranged from 75¢ to \$13.50 per 1,000. Smoking tobacco was taxed at 1¢ for each 5¢ of retail selling price. The tax was evidenced by tax stamps supplied by the state and applied by the tobacco dealers who were allowed a discount when purchasing stamps in quantities not less than \$100 face value.

The tax rates on cigarettes increased over the years as follows:

1932	Levied at 1/5¢ per cigarette to 4¢ per 20 pack
1942	Increased by 1/20¢ per cigarette to 5¢ per 20 pack
1948	Increased to 2/5¢ per cigarette or 8¢ per 20 pack
1970	Increased to 11/20¢ per cigarette or 11¢ per 20 pack
1984	Increased to 16/20¢ per cigarette or 16¢ per 20 pack
1990	Increased to 1¢ per cigarette or 20¢ per 20 pack
2000	Increased by 4/20¢ per cigarette to 24¢ per 20 pack
2002	Increased by 12/20¢ per cigarette to 36¢ per 20 pack
2015	Increased by 50/20¢ per cigarette to 86¢ per 20 pack
2016	Increased by 22/20¢ per cigarette to \$1.08 per 20 pack

The tax increase of 4/20 of 1 cent per cigarette enacted in 2000 expired June 30, 2012. However, an amendment to the Constitution, approved by voters on October 22, 2011, effectively restored the expiring tax and placed a tax of 4/20 of 1 cent per cigarette in the Louisiana Constitution.

The tax rates on cigars and smoking tobacco changed in 1942 and 1948, and were eventually set at the current rates in 1974 by Act 413, effective January 1, 1975. A tax on smokeless tobacco was levied effective July 1, 2000.

The discount from the face value of the tax stamp also changed from the original ten percent in 1932 to six percent in 1942; seven percent in 1944; nine percent in 1948; six percent in 1972; to the current five percent in 2016.

The tobacco tax is currently levied on tobacco and vapor products, and collected from the dealer who first sells, uses, consumes, handles, or distributes the products within the state. Tax stamps indicate the payment of tax on cigarettes and can only be purchased from the Department by wholesale tobacco dealers who are required to post a bond.

### Legal Citations

R.S. 47:841 through 47:869

### Tax Base

Cigarettes - per cigarette

Vapor Products - per milliliter

Cigars and other tobacco products – invoice price

### Tax Rate

- Cigarettes – 5.4¢ per cigarette (\$1.08 per standard package of 20).
- Cigars – 8 percent if manufacturer’s invoice price is \$120 per 1,000 or less; 20 percent if manufacturer’s invoice price is more than \$120 per 1,000.
- Smoking tobacco – 33 percent of the manufacturer’s invoice price.

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# Tobacco Tax

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## { Introduction }

- Smokeless tobacco – 20 percent of the manufacturer’s invoice price.
- Vapor Products - 5 cents per milliliter of consumable nicotine liquid solution.

### **Types of Tax Exemptions**

Tobacco tax exemptions are in the form of discounts, exemptions, and refunds. Discounts are a proportionate deduction from the gross amount reported. Exemptions are items included in the tax base, but specifically exempted by statute. Refunds are restitution of taxes paid.

There are three tax exemptions that are also prohibited from taxation by federal laws. Because of these additional prohibitions, repeal of the exemption alone would not yield the fiscal effect indicated. For this reason, these exemptions have been separately grouped at the end of the section.

### **Significant Changes**

#### **2017 Regular Legislative Session**

Act 344 expanded the exception to R.S. 47:1508 that allowed the sharing of information between the secretary, attorney general, and ATC commissioner with professional service firms retained for calculating tobacco revenue owed to the state pursuant to the Master Settlement Agreement to also allow such information to be shared with a court, arbitrator or professional service firm retained to assess compliance with or otherwise calculate the tobacco revenue owed to the state pursuant to the Master Settlement Agreement, including the NPM (Non-participating Manufacturer) Adjustment Agreement, as well as with counsel for the parties or experts in any related proceedings. *Effective July 1, 2017.*



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# Tobacco Tax

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- 4. **Return of Taxable Cigarettes to the Manufacturer.** . . . . . 412  
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- 9. **Interstate Shipments of Tobacco Products.** . . . . . 415  
R.S. 47:849

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# Tobacco Tax

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## { Discounts }

### 1. Tobacco Stamps

A 5 percent discount from the face value of the cigarette tax stamps is granted to registered tobacco dealers when the gross stamp purchases exceed \$100. The purpose of the discount is to provide a volume discount and to compensate dealers for expenses related to tax collection.

**Legal Citation**

R.S. 47:843(C)(3)

**Origin**

Acts 1932, No. 4, amended by Acts 2016, 1st Ex. Sess., No. 5

**Effective Date**

September 1, 1932

**Beneficiaries**

Bonded Louisiana tobacco dealers that have direct purchasing contracts with manufacturers and purchase stamps in quantities of \$100 or more

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$13,541,000	\$13,812,000

### 2. Timely Filing and Payment

A 5 percent discount is allowed for timely and accurately filing reports only on those purchases made by registered tobacco dealers in Louisiana who have a direct purchasing contract with the manufacturer. The reports must be accompanied by payment for any taxes due on cigars, vapor products, and other tobacco products. The purpose of the discount is to encourage compliance and to compensate dealers for expenses related to the collection and reporting of the tax.

**Legal Citation**

R.S. 47:851(B)(2)(b)

**Origin**

Acts 1974, No. 415, amended by Acts 2016, 1st Ex. Sess., No. 5

**Effective Date**

January 1, 1975

**Beneficiaries**

Bonded Louisiana tobacco dealers that have direct purchasing contracts with manufacturers and timely file their tax reports

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$1,722,000	\$1,756,000

---

# Tobacco Tax

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## { Exemption }

### 3. Sales to State Institutions

Smoking and chewing tobacco purchased by state institutions for distribution to inmates are exempt from the tobacco tax. The purpose of this exemption is to allow tax-free purchases by state institutions.

**Legal Citation**

R.S. 47:855

**Origin**

Acts 1944, No. 150

**Effective Date**

July 26, 1944

**Beneficiaries**

Inmates of Louisiana state institutions

**Estimated Fiscal Effect**

The Department is unable to estimate the fiscal effect, there are no reporting requirements for this data.

## { Refunds }

### 4. Return of Taxable Cigarettes to the Manufacturer

A refund or credit is allowed for the amount of tax paid on cigarettes returned to a manufacturer either as damaged or unfit for sale. The purpose of this provision is to allow the refund of taxes paid on damaged products returned to the dealer.

**Legal Citation**

R.S. 47:857

**Origin**

Acts 1932, No. 4

**Effective Date**

September 1, 1932

**Beneficiaries**

Licensed tobacco dealers

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$357,000	\$350,000

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# Tobacco Tax

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## { Refunds }

### 5. Return of Taxable Product to the Manufacturer

A refund or credit is allowed for the amount of tax paid on cigars and other tobacco products returned to a manufacturer either as damaged or unfit for sale. The purpose of this provision is to allow the refund of taxes paid on damaged products returned to the dealer.

#### Legal Citation

R.S. 47:857

#### Origin

Acts 1932, No. 4

#### Effective Date

September 1, 1932

#### Beneficiaries

Licensed tobacco dealers

#### Estimated Fiscal Effect

The estimated fiscal effect of this refund is included in the Five-Year Revenue Loss chart in the row labeled Other Exemptions.

### 6. Return of Taxable Vapor Product to Manufacturer

A refund or credit is allowed for consumable vapor products that are returned to the manufacturer as unsaleable on which the tax has been paid by the retail dealer. The purpose of this provision is to give dealers credit for taxes paid on products returned as unsaleable.

#### Legal Citation

R.S. 47:857

#### Origin

Acts 2015, No. 94

#### Effective Date

August 1, 2015

#### Beneficiaries

Licensed tobacco retail dealers

#### Estimated Fiscal Effect

A negligible amount for this refund was requested by taxpayers at the time of publication.

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# Tobacco Tax

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## { Federally Imposed Exemptions }

### 7. Sales to Federal Government and its Agencies

Sales of tobacco products to the U.S. Government or any of its agencies direct from the manufacturer are exempt from tobacco taxes. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

#### Legal Citation

No specific statute

#### Origin

U.S. Constitution

#### Effective Date

September 1, 1932

#### Beneficiaries

U.S. government agencies

#### Estimated Fiscal Effect

The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Other Exemptions.

### 8. Interstate Shipments of Cigarettes

Cigarettes exported beyond the borders of Louisiana are not subject to tobacco taxes. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

#### Legal Citation

R.S. 47:849

#### Origin

Acts 1932, No. 4

#### Effective Date

September 1, 1932

#### Beneficiaries

Licensed tobacco dealers engaged in interstate commerce

Estimated Fiscal Effect	
FYE 6-18	FYE 6-19
\$135,773,000	\$133,058,000

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# Tobacco Tax

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{ Federally Imposed Exemptions }

## 9. Interstate Shipments of Tobacco Products

Cigars and other tobacco products exported beyond the borders of Louisiana are not subject to tobacco taxes. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

### Legal Citation

R.S. 47:849

### Origin

Acts 1932, No. 4

### Effective Date

September 1, 1932

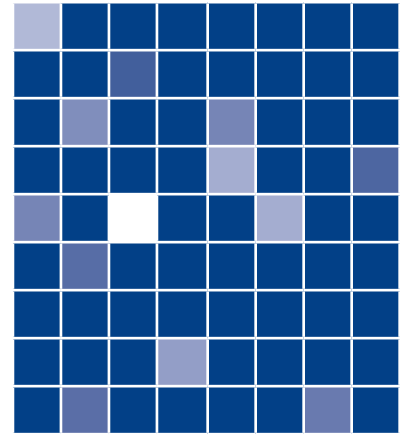
### Beneficiaries

Licensed tobacco dealers engaged in interstate commerce

### Estimated Fiscal Effect

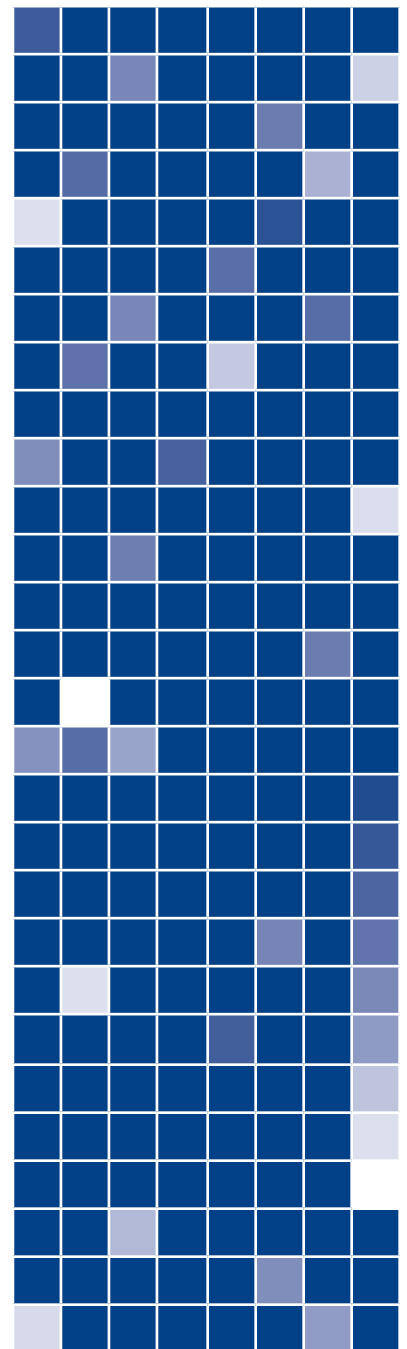
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Other Exemptions.





# Appendix

## Part 7







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# Revised Statute 47:1517 - Tax Exemption Budget

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## Revised Statute 47:1517. Tax Exemption Budget

- A. No later than the first day of March the secretary of the Department of Revenue shall prepare and submit to the governor and the legislature a tax exemption budget in the manner set forth in this Section.
- B. (1) The annual tax exemption budget shall include the following:
- (a) Each tax exemption, its statutory citation, and its purpose.
  - (b) The revenue loss to the state caused by each tax exemption for the three preceding years, the estimated revenue loss to the state caused by each tax exemption for the current fiscal year, and the estimated revenue loss to the state caused by each tax exemption for the ensuing fiscal year.
  - (c) The estimated cost of administering and implementing each tax exemption for the three preceding fiscal years, the current fiscal year, and the ensuing fiscal year.
- (2) The tax exemptions in the annual tax exemption budget shall also be organized in an additional opening schedule as follows:
- (a) Agricultural/Rural: a tax exemption that pertains to a business or person being located in a rural area; or, engaging in an agricultural trade/business.
  - (b) Business Environment: a tax exemption that encourages competitiveness with other states by impacting the tax burden of business entities that engage in specific activities that include holding or maintaining inventory or property in the state, using or deriving benefit from water, electric power, energy or any other utility type resources, or buying, leasing, renting or selling machines or equipment used for the production, modification, creation or facilitation of tangible personal property in the state, or using consumables in the manufacturing process that does not become a part of the final product, including the following:
    - (i) Inventory Tax Ad Valorem.
    - (ii) Business Utilities Sales Tax.
    - (iii) Manufacturing Machinery and Equipment.
    - (iv) Direct Inputs and Consumables.
  - (c) Corporate Income Tax Formula: a tax exemption that is unique or specific to Louisiana and relates to assisting, guiding or aiding a business entity in determining the amount of its income for Louisiana tax purposes.
  - (d) Dealers and Vendors Compensation and Discounts: a tax exemption that encourages either the timely filing of a return, report, form or document or the timely payment of a tax, fee or other amount due.
  - (e) Educational Breaks for Educational Institutions: a tax exemption that pertains to an entity that engages in a specified activity that provides or facilitates the act of learning, or, an entity or institution who provides or facilitates learning.
  - (f) Educational Breaks for Individuals: a tax exemption that pertains to an individual who engages in a specified activity that is beneficial to, or provides or facilitates the act of learning.
  - (g) Incentives: a tax exemption that encourages a particular or specified economic activity by modifying the tax burden of the economic activity or behavior that is taking place. Categories of incentives include those, that spur the hiring of employees by business, or that are administered by and through a contract with the department of:
    - (i) Economic Development.
    - (ii) Culture, Recreation & Tourism.
    - (iii) Environmental Quality.
    - (iv) Revenue, including those for Severance Tax (that is not a part of the normal taxing scheme of other states).
  - (h) Louisiana Constitutional Mandates: a tax exemption outlined in the state constitution that modifies the tax burden.
  - (i) Non-Itemized Sales and Use Tax Exclusions and Exemptions: a sales tax exemption that is not individually itemized on a Louisiana sales tax return before March 2016 and is therefore not assigned a value in the Tax Exemption Budget.
  - (j) Normal Tax Structure: an exemption that is commonly used or implemented in other states; enacted to prevent double taxation; or used to prevent the taxation of direct business inputs. The exemption could be mandated by the federal government, the state to ensure a foreign, tribal, local, municipality or state entity addresses taxes owed to the state, the federal or state government to ensure the protections of commerce across state lines, the state government to determine the taxability of businesses when it incurs losses, or the state government on activities that sever the state's natural resources in a manner that is not unique to Louisiana and widely accepted policy among oil producing states, including the following:

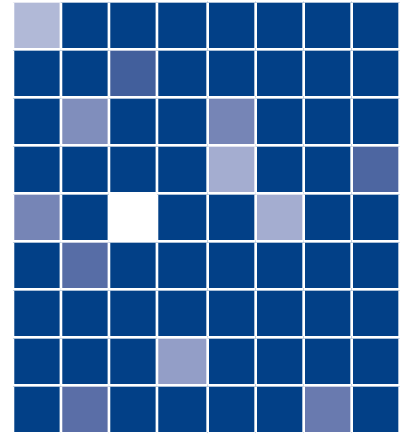
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# Revised Statute 47:1517 - Tax Exemption Budget

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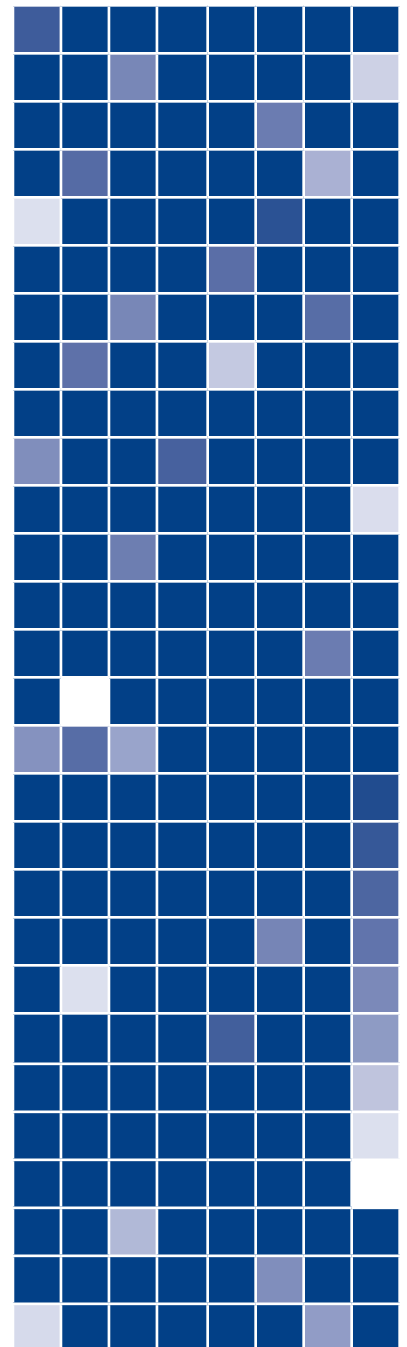
- (i) Federal Mandatory.
  - (ii) Intergovernment.
  - (iii) Interstate Commerce.
  - (iv) Net Operating Loss.
  - (v) Normal Severance.
- (k) Personal Income Tax Formula: a tax exemption that assists, guides, or aids an individual in determining Louisiana tax table income after determining Louisiana adjusted gross income.
- (l) Retirement, Disability, and Military: a tax exemption that modifies the tax owed by individuals who receive money, including but not limited to wages and interest as a result of this special status or position in life that is recognized by statute.
- (m) Specialty Sales Tax Exemptions, including the following:
- (i) Sales tax holidays.
  - (ii) Purchase of a specific item.
  - (iii) Purchase made by a specific taxpayer.
  - (iv) Activities of a specific group or organization.
- (n) Specialty Income Tax Exemptions, including the following:
- (i) Performance of a specific activity.
  - (ii) Purchase of a specific item.
  - (iii) Purchase made by a specific taxpayer.
- (3) No statute, provision, exemption, exclusion, refundable or nonrefundable credit, rebate or deduction listed in the categories outlined above shall be listed in more than one category without a specific notation of doing such.
- (4) The secretary may add additional categories to the additional opening schedule as deemed appropriate and necessary.
- C. The annual tax exemption budget shall also include an assessment of each tax exemption based on the following criteria:
- (1) Whether or not each tax exemption has been successful in meeting the purpose for which it was enacted, in particular, whether each tax exemption benefits those originally intended to be benefited, and if not, those who do benefit.
  - (2) Whether each tax exemption is the most fiscally effective means of achieving its purpose.
  - (3) Unintended or inadvertent effects, benefits, or harm caused by each tax exemption, including whether each tax exemption conflicts with other state laws or regulations.
  - (4) Whether each tax exemption simplifies or complicates the state tax statutes.
- D. The Department of Revenue is authorized to request from any state or local agency or official any information necessary to complete the budget required by this Section. Any such official shall comply with this request.
- E. "Tax exemptions" means those revenue losses attributable to provisions of the state tax statutes or rules promulgated pursuant to such statutes, which allow a special exclusion, exemption, or deduction from gross income or sales or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.
- F. The House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs, hereinafter referred to as "committees", shall conduct hearings on the tax exemption budget every odd-numbered year, to be concluded thirty days before the beginning of the regular session of the Louisiana Legislature. The committees shall analyze and consider tax exemptions which have caused revenue loss to the state of ten million dollars or more in any one of the last three fiscal years. From time to time, the committees may report to the legislature findings or recommendations developed as a result of the hearings.

Acts 1989, No. 836, §2, eff. July 1, 1989; Acts 1997, No. 658, §2; Acts 2011, No. 365, §1; Acts 2016, No. 592, §1, eff. July 1, 2016.



# Glossary

## Part 8





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# Glossary

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**Actual tax collections** – amount of tax revenue received and available for appropriation.

**Beneficiary** – any person or entity who gains an advantage and/or profits from a tax exemption.

**Corporation income tax** – a tax paid by all corporations or entities taxed as corporations for federal income tax purposes on income earned in Louisiana.

**Credit** – an amount that is subtracted from a tax liability.

**Deduction** – an amount which the taxpayer is allowed to subtract when computing the taxable base.

**Deferred tax liability** – the legal authorization to delay the obligation to pay a tax to a future period.

**Discount** – a proportionate deduction from the gross amount reported.

**Effective date** – the date upon which a statute, is considered to take effect, which may be a past, present or future date.

**Estimated fiscal effect** – the future estimated revenue loss to the state caused by each tax exemption.

**Exemption/Exclusion** – the statutory elimination of certain items or transactions from the tax base. An exemption is a mechanism that prevents taxation on an item or class of items that would normally be taxed under the law. An exclusion is the absence of taxation on an item or class of items. However, Louisiana law often conflates the term “exclusion” with “exemption,” such that the former may be used to describe a mechanism that might be better characterized as the latter.

**Excise tax** – a fixed, per unit tax imposed on a commodity or commodities.

**Federal adjusted gross income** – the amount of income earned or received during the year after certain exclusions and adjustments according to federal law.

**Franchise tax** – a tax imposed on business corporations for the privilege of conducting business in Louisiana. The tax is levied on either the assessed value of all real and personal property in the state or the amount of issued and outstanding capital stock, surplus, and undivided profits attributable to Louisiana, whichever is larger.

**Individual income tax** – a tax levied on personal income earned by Louisiana residents and on income earned in Louisiana by non-residents.

**Itemized deductions** – Under federal law, certain deductions that are subtracted from adjusted gross income and are applied in lieu of a standard deduction.

**Non-refundable tax credit** – a tax credit that reduces the income tax liability and, if allowed by the statute authorizing the credit, any remaining amount can be carried forward for use in future tax years. If the amount of credit is greater than the taxes owed, the excess will not generate a refund.

**Percentage of tax loss** – the exemption losses by tax divided by the total potential collections.

**Petroleum taxes** – a tax on motor fuels such as gasoline and special fuels including diesel, compressed natural gas, liquefied natural gas, and liquefied petroleum gas.

**Preferential tax rate** – a provision which provides a tax rate for certain persons, types of income, transactions, or property that results in reduced tax revenue.

**Refundable tax credit** – a tax credit that reduces the income tax liability, with any excess credit amount being refunded to the taxpayer.

**Sales tax** – a tax imposed on certain consumer purchases of tangible personal property and certain specific services.

**Service** – the performance of an action or activity for others.

**Severance tax** – a tax levied on natural resources taken from the ground.

**State revenue losses** – state tax revenue not collected due to statutory tax exemptions. This would not include statutory tax exemptions that are also prohibited from taxation by the state constitution, federal laws, or existing reciprocal agreements.

**Statutory tax exemption** – an amount that is prohibited from taxation by state statute. This would not include statutory tax exemptions that are also prohibited from taxation by the state constitution, federal laws, or existing reciprocal agreements.

**Sunset provision** – a clause in a statute which provides for an automatic repeal of the entire law or a section of a law once a specific date is reached.

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# Glossary

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**Taxable income** – the amount to which the applicable tax rate is applied.

**Taxable base** – is the value of a set of assets, investments, transactions, or income streams (depending on the tax type) that are subject to taxation.

**Tax exemptions** – tax dollars that are not collected and result in a loss of tax revenues available for appropriation. Tax exemptions result from tax laws which provide an exemption, exclusion, deduction, credit, preferential tax rate or a deferral of tax liability to reduce the amount of the taxpayer's liability to Louisiana. Tax exemptions provide economic incentives or tax relief to particular classes of persons or entities to achieve a public purpose.

**Agriculture/rural** – a tax exemption that pertains to a business or person being located in a rural area; or, engaging in an agricultural trade/business.

**Alternative reporting method or statutorily prescribed method of taxation for sales tax** – tax exemption that assists, guides, or aids a business entity in determining the sales tax to remit or the amount subject to sales tax.

**Business environment** – a tax exemption that encourages competitiveness with other states by impacting the tax burden of business entities that engage in specific activities that include holding or maintaining inventory or property in the state, using or deriving benefit from water, electric power, energy or any other utility type resources, or buying, leasing, renting or selling machines or equipment used for the production, modification, creation or facilitation of tangible personal property in the state, or using consumables in the manufacturing process that does not become part of the final product.

**Corporate income tax formula** – a tax exemption that is unique or specific to Louisiana and relates to assisting, guiding or aiding a business entity in determining the amount of its income for Louisiana tax purposes.

**Dealers and vendors compensation and discounts** – a tax exemption that encourages either the timely filing of a return, report, form or document or the timely payment of a tax, fee or other amount due. The discount for tobacco stamps is the only one not based on timely filing; it is to provide a volume discount and to compensate dealers for expenses related to tax collection.

**Educational breaks for educational institutions** – a tax exemption that pertains to an entity that engages in a specified activity that provides or facilitates the act of learning, or, an entity or institution that provides or facilitates learning.

**Educational breaks for individuals** – a tax exemption that pertains to an individual who engages in a specified activity that is beneficial to, or provides or facilitates the act of learning.

**Health care/medical** – a tax exemption that was created to assist taxpayers providing health care or medical treatment or that modifies the tax burden on health care or medical treatment.

**Incentives** – a tax exemption that encourages a particular or specified economic activity by modifying the tax burden of the economic activity or behavior that is taking place.

**Louisiana constitutional mandates** – a tax exemption outlined in the state constitution that modifies the tax burden.

**Natural disaster** – a tax exemption that was created to assist taxpayers in recovering from a natural disaster or was created as a direct result of a natural disaster.

**Non-itemized sales and use tax exclusions and exemptions** – a sales tax exemption that is not individually itemized on a Louisiana sales tax return before March 2016, and is therefore not assigned a value in this document.

**Normal tax structure** – a tax exemption that is commonly used or implemented in other states; enacted to prevent double taxation; or used to prevent the taxation of direct business inputs.

**Personal income tax formula** – a tax exemption that assists, guides, or aids an individual in determining Louisiana taxable income after determining Louisiana adjusted gross income.

**Retirement, disability, and military** – a tax exemption that modifies the tax owed by individuals who receive money including, but not limited to, wages and interest as a result of this special status or position in life that is recognized by statute.

**Specialty income tax exemptions** – an income tax exemption that encourages a particular or specified economic activity by providing a credit or deduction for the economic activity or behavior that is taking place. Categories of specialty income tax exemptions include tax exemptions for performance of a specific activity, purchase of a specific item, purchase made by a specific taxpayer, or an exemption for specific activity that benefits a community.

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# Glossary

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**Specialty sales tax exemptions** – a sales tax exemption that encourages a particular or specified economic activity by modifying the tax burden of the economic activity or behavior that is taking place. Categories of specialty sales tax exemptions include sales tax holidays, purchase of a specific item, purchase made by a specific taxpayer, or activities of a specific group or organization.

**Tax incentives and exemption contracts** – Tax exemptions that encourages a particular or specified economic activity by modifying the tax burden of the economic activity or behavior that is taking place. Categories of incentives include those that spur the hiring of employees by business, or that are administered by and through a contract with the Departments of Economic Development, Culture, Recreation & Tourism, Environmental Quality or Department of Revenue.

**Total potential collections** – actual tax collections plus the state revenue losses due to tax exemptions.



