

2005 First Extraordinary Legislative Session
Department of Revenue Legislative Summaries

Administrative

Act 6 (HB 90) enacts R.S. 9:2551 through 2565 relative to the effect of obligations during certain emergencies and disasters. It provides for the suspension of prescription and preemptive periods and other legal deadlines in areas impacted by Hurricanes Katrina and Rita, and ratifies Executive Orders KBB 2005-32, 48, and 67. Act 6 impacts the deadlines for filing succession and trust applications required in order for inheritance not to be due.

Act 29 (HB 45) amends R.S. 47:1508(B)(1), to allow the release to the taxpayer or his duly authorized representative of any information regarding a taxpayer's individual income tax account even if the information has been provided by a third party. Effective November 29, 2005.

Income Tax

Act 23 (HB 24) amends R.S. 47:287.85(C)(2) and 293(3) relative to the income tax, to provide that the Louisiana federal income tax deduction is not to be reduced by the amount of any federal income tax credits determined to be disaster relief credits granted for the Hurricane Katrina or Hurricane Rita presidential disaster areas, as well as the amount by which a person's federal income tax due was decreased as a result of claiming a federal deduction for casualty losses as a result of Hurricanes Katrina or Rita in a presidential disaster area. Effective for all taxable periods beginning after December 31, 2004.

Act 27 (HB 41) amends R.S. 47:609(A) to allow corporations having 50 percent or more of their Louisiana property situated or used in the Federal Emergency Management Agency individual assistance areas of Hurricanes Katrina and Rita or deriving 50 percent or more of their revenue in the state from those areas to compute the borrowed capital portion of their corporation franchise tax base at pre-hurricane levels. Effective November 29, 2005.

Sales Tax

Act 9 (HB 42) enacts R.S. 47:305.54, the "2005 Louisiana Sales Tax Holiday Act," which provides for an exemption from state sales tax during the three-day period December 16–18, 2005, on the first \$2,500 of the purchase price of most individual items of tangible personal property. The exemption will apply 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 where purchased, including to-go orders, provided that the property is not for use in a business, trade, or profession.

For business-use purchases, the Act authorizes the state sales tax exemption during the holiday only on purchases by those businesses that are located in Hurricane Katrina or Hurricane Rita Federal Emergency Management Agency (FEMA) Individual Assistance Areas who will acquire property to replace property that was damaged, destroyed or lost as a result of conditions created by the two hurricanes. Eligible business purchasers must apply to the Department of Revenue and receive "Sales Tax Holiday Exemption Certificates" in order to be able to make tax-free purchases of replacement property. The exemption certificate application form can be downloaded from the department's web site using the following hyperlink [http://www.revenue.louisiana.gov/forms/taxforms/1017\(12_05\)F.pdf](http://www.revenue.louisiana.gov/forms/taxforms/1017(12_05)F.pdf). Additional information regarding the sales tax holiday is available in Revenue Information Bulletin 05-032, also posted on the departments web site. See <http://www.revenue.louisiana.gov/forms/lawspolicies/RIB05032.pdf>.

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Act 47 (HB 39) enacts R.S. 47:305.55 to provide a state sales tax exemption for the purchase, lease, or rental of machinery and equipment and the repair parts or repair services for machinery and equipment damaged or destroyed by Hurricane Katrina or Hurricane Rita when the machinery and equipment is used by a manufacturer in a plant facility predominantly and directly in the actual manufacturing for agricultural purposes or the actual manufacturing process of an item of tangible personal property for ultimate sale to another. The sales tax exemption becomes null and void after June 30, 2007. Effective December 6, 2005.

Act 48 (HB 40) amends R.S. 47:331(P)(2) and enacts R.S. 47:301(3)(j) and (13)(m), 302(T), 321(J), and 331(R) to provide for a reduction in the sales tax rate for sales of natural gas and electricity. Previously, sales of natural gas for energy, electric power, steam, and water for nonresidential purposes were taxed at 3.8 percent through fiscal year 2009. After that a one percent tax applies. This Act provides for a 3.3 percent sales tax on sales for nonresidential purposes of natural gas for energy and electric power from January 1, 2006, to June 30, 2009. After that these sales would be subject to the one percent tax provided in current law. The Act also provides a full state sales tax exemption for purchases of electric power by the paper or wood products manufacturing facilities for the period July 1, 2006, through December 31, 2008, and allows these facilities to pay the 3.3 percent tax on natural gas purchased for energy purposes only up to the purchase price of \$6.20 per MMBtu and fully exempts any amounts in excess of the \$6.20 per MMBtu price. Effective January 1, 2006.

Act 60 (HB 115) amends R.S. 33:2711.9(B)(3) and Section 3(A) of Act No. 38 of the 1974 Regular Session of the Legislature, as thereafter amended and repeals R.S. 33:4574.1(A)(1)(d), 4574.1.1(E), 4574.9(C)(1)(d), 4574.12(D)(1)(d), 4574.13(C)(1)(d) and 4575.3(20)(d) so that local sales and use tax is now due on hotel rentals to the same occupant for 30 or more consecutive calendar days or when rented on an annual contract basis for consecutive or nonconsecutive days. The exemption for such rentals was repealed by this Act. Effective December 6, 2005.