

Louisiana Department of Revenue
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COLLECTIONS

Act 142 of the First Extraordinary Session (SB 56) amends and reenacts R.S. 47:1562(A) and (B), 1565(A), and 1566(B) to provide the Department of Revenue with additional address sources for mailing delinquent tax notices. The Act is effective April 19, 2000.

HCR 4 of the Second Extraordinary Session urges and requests the Department of Revenue to create a temporary special debt collection team to assist in the collection of delinquent taxes.

HCR 5 of the Second Extraordinary Session creates a special tax collection task force to help the Department of Revenue identify delinquent taxes owed to the state, the impediments in collecting such taxes and deficiencies in the department's assessment and audit process and dispute resolution procedures, and to suggest alternative collection practices.

INCOME AND/OR FRANCHISE TAXES

Act 21 of the Second Extraordinary Session (HB 25) enacts R.S. 47:201.1, relative to individual income tax, to provide that beginning January 1, 2001 certain noncorporate entities must file composite returns and make composite payment of tax on behalf of its nonresident partners or members who do not agree to file a nonresident individual income tax return. The agreement between the partner and the department is a written binding agreement. The term partnership includes general partnerships, partnerships in commendam, registered limited partnerships, and limited liability companies taxed as partnerships for state income tax purposes. The Act is effective for taxable years beginning after December 31, 2000.

Act 34 of the Regular Session (HB 180) amends and reenacts R.S. 47:44.1 and enacts R.S. 47:201.1 and 293 (6)(e), relative to individual income tax to provide an exemption for certain disability income and for certain income earned by military personnel and beginning January 1, 2001 to require composite returns and composite payment by some non-corporate entities. Six thousand dollars of annual disability income, as provided in R.S. 23:1221(2), received by an individual is exempt from state income tax. An individual claiming an exemption for the blind, loss of one or more limbs, mental retardation, or deafness is not eligible for this exemption. For tax periods beginning after December 31, 2002 and ending before January 1, 2005, compensation less than \$30,000 paid to a member of the United States armed forces for services performed outside the state is exempt from tax. Such member must be on active duty which duty is or will be continuous and uninterrupted for 120 days or more. The Act is effective January 1, 2001.

Act 38 of the Regular Session (HB 299) amends and reenacts R.S. 47:293(2) and 297(D)(3), relative to individual income tax, to limit the deductibility of excess federal itemized deductions to 50 percent and to repeal the education tax credit. These changes are effective for taxable years beginning after December 31, 1999, and ending before January 1, 2002.

Act 40 of the Regular Session (HB 304) enacts R.S. 47:300.6(B)(2)(c), relative to the income tax on estates and trusts, to provide an exemption amount that when combined with the federal exemption totals \$2,500. This Act is effective for taxable periods beginning after December 31, 2000.

Act 45 of the Regular Session (SB 81) amends and reenacts R.S. 17:3095(A)(1) and 3096(E)(3) and enacts R.S. 17:3098(E), R.S. 47:120.62 and 293(6)(a)(vi), relative to the Student Tuition Assistance and Revenue Trust Program. The Act provides, for taxable years beginning on and after January 1, 2001, that amounts an owner deposits into an education savings account shall be exempt from inclusion in taxable income up to a maximum of \$2,400 per taxable year. 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 expenses as defined in R.S. 17:3092(10) shall be included in taxable income. This Act is effective on July 1, 2000.

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Act 46 of the Regular Session (SB 85) amends and reenacts R.S 51:2452(A), 2453, 2452, 2461, and enacts R.S. 51:1787(A)(2)(c) and 2455(E)(4) relative to the Louisiana Quality Jobs Program and the requirements for incentive tax credits. The State Board of Commerce and Industry, with approval of the Governor, may enter into contracts with companies in the motor vehicle parts manufacturing industry as defined in the 3363 NAICS Code Title for a \$5,000 tax credit for each new job created in the state. The credit may be applied against income or corporation franchise tax and any unused credit may be carried forward for ten years or until the credit is used, whichever occurs first. The credit is effective July 1, 2000, and becomes null and void on June 30, 2002.

Act 48 of the Regular Session (HB 73) proposes an amendment to Article VII, Section 4(A) of the Constitution of Louisiana, which would place a ceiling on the state individual and joint income tax schedule of rates and brackets as provided under Act 37 of the Regular Session and eliminates the constitutional requirement for a state income tax deduction for federal income tax paid. This constitutional amendment is only effective if Act 49 of the Regular Session is approved by the voters on November 7, 2000.

LEGAL

Act 3 of the Regular Session (HB 5) appropriates \$4,792.18 to pay the consent judgment by the Board of Tax Appeals in *Waymar Corporation Inc. v. State of Louisiana*, bearing No. 4466.

Act 4 of the Regular Session (HB 39) appropriates \$47,947 to pay the final judgment by the Board of Tax Appeals in *Parker Hannifin Corporation v. Secretary, Department of Revenue, State of Louisiana*, bearing No. 4857.

Act 6 of the Regular Session (HB 41) appropriates \$1,815,091.68 to pay the final judgment by the Board of Tax Appeals in *Boise Cascade Corporation v. State of Louisiana*, bearing No. 4971.

Act 8 of the Regular Session (HB 59) appropriates \$489,470 to pay the final judgement by the Board of Tax Appeals in *Columbian Chemicals Company v. State of Louisiana*, bearing No. 5097.

Act 11 of the Regular Session (HB 143) appropriates funds to pay the following judgments by the Board of Tax Appeals:

- (1) *Pano Enterprises, Inc. v. State of Louisiana*, bearing No. 5011 in the amount of \$8,230.22.
- (2) *The Clothes Hamper, Inc. v. State of Louisiana*, bearing No. 5012 in the amount of \$8,297.49.

Act 12 of the Regular Session (HB 160) appropriates \$96,261.87 to pay the consent judgment by the Board of Tax Appeals in *Dobry Georgieff d/b/a Clothesline Laundromat, Clothesline Laundromat, Inc., and River City Opera, Inc. d/b/a Soap Opera Laundromat v. State of Louisiana*, bearing No. 4828.

Act 13 of the Regular Session (HB 162) appropriates funds to pay the following judgments by the Board of Tax Appeals:

- (1) *ICI Americas, Inc. v. Secretary, Department of Revenue, State of Louisiana*, bearing No. 4845 in the amount of \$141,613.
- (2) *The Glidden Company v. Secretary, Department of Revenue, State of Louisiana*, bearing No. 4846 in the amount of \$7,691.

Act 14 of the Regular Session (HB 165) appropriates funds to pay the following judgments:

- (1) *Swedish Match North America, Inc. v. John Neely Kennedy, Secretary, Department of Revenue, State of Louisiana*, bearing Board of Tax Appeals No. 4989 in the amount of \$40,127.
- (2) *Northwest Louisiana Production Credit Association v. State of Louisiana, Department of Revenue and Taxation*, bearing No. 98 CA 1995 of the First Circuit Court of Appeal for the State of Louisiana in the amount of \$687.29.
- (3) Legal expenses in the amount of \$20,000 incurred by Alferd Davis, a state employee, in his successful defense of criminal charges brought against him during the course and scope of his employment with the Department of Education, which charges were brought against him before the Eighth Judicial District Court, parish of Winn,

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Docket Nos. 36238 and 36730, subject to review of the attorney general.

Act 16 of the Regular Session (HB 173) appropriates \$58,970 to pay the judgment by the Board of Tax Appeals in *Dixie Carriers, Inc. v. John Neely Kennedy, Secretary, Department of Revenue, State of Louisiana*, bearing No. 5026.

Act 17 of the Regular Session (HB 184) appropriates \$20,551 to pay the judgments by the Board of Tax Appeals in *Manpower International, Inc. v. Secretary, Department of Revenue, State of Louisiana*, bearing Numbers 4907 and 4955.

Act 19 of the Regular Session (HB 203) appropriates funds to pay the following judgments by the Board of Tax Appeals:

- (1) *Tandy Corporation v. John Neely Kennedy, Secretary, Department of Revenue, State of Louisiana*, bearing No. 4852 in the amount of \$176,337.
- (2) *Snap On, Incorporated v. Secretary, Department of Revenue, State of Louisiana*, bearing No. 5223 in the amount of \$97,549.

Act 20 of the Regular Session (HB 205) appropriates \$218,028 to pay the final judgment by the Board of Tax Appeals in *John Deere Industrial Equipment Company, Deere Marketing, Inc. and Deere & Company v. Secretary, Department of Revenue, State of Louisiana and State of Louisiana, through its Attorney General, Richard P. Ieyoub*, bearing No. 5015.

Act 23 of the Regular Session (HB 266) appropriates funds to pay the following judgments by the Board of Tax Appeals:

- (1) *American Greetings Corporation v. Secretary, Department of Revenue, State of Louisiana*, bearing No. 4963 in the amount of \$24,100.
- (2) *Gibson Greetings, Inc. v. Secretary, Department of Revenue, State of Louisiana*, bearing No. 5174 in the amount of \$10,744.
- (3) *Triplex, Inc. v. Secretary, Department of Revenue, State of Louisiana*, bearing No. 5040 in the amount of \$4,186.76

Act 24 of the Regular Session (HB 311) appropriates funds to pay the following judgments by the Board of Tax Appeals:

- (1) *TBA Insurance of Louisiana, Inc. v. Secretary, Department of Revenue, State of Louisiana*, bearing No. 4934 in the amount of \$89,385.
- (2) *Brookshire Grocery Company v. Secretary, Department of Revenue, State of Louisiana*, bearing No. 5114 in the amount of \$119,994.

Act 31 of the Regular Session (HB 49) appropriates funds to pay the following judgments by the Board of Tax Appeals:

- (1) *Merck & Co., Inc. v. Secretary, Department of Revenue, State of Louisiana*, bearing Numbers 5217 and 5218 in the amount of \$1,258,823.
- (2) *John Crane, Inc. v. Secretary, Department of Revenue, State of Louisiana*, bearing No. 4998 in the amount of \$20,731.
- (3) *Federal Express Corporation v. John Kennedy, Secretary of the Department of Revenue, State of Louisiana*, bearing No. 5003 in the amount of \$211,149.

MISCELLANEOUS

Act 22 of the Regular Session (HB 224) amends and reenacts R.S. 47:301(14)(i)(ii)(cc) and (v), R.S. 47:302(C) and 331(C), enacts R.S. 47:301(14)(i)(ii)(dd), (iv)(ff), and (vi), 301(14)(i)(iii)(cc) and (gg) and repeals R.S. 47:301(14)(i)(iii)(cc) and 301(14)(i)(v), to include "interstate telecommunications services" within the definition of

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taxable telecommunication services and to impose a sales tax on "interstate telecommunications services." Under Act 22, the tax will be 3 percent on interstate telecommunications services billed on or after April 1, 2001, 2 percent on interstate telecommunication services billed on or after April 1, 2004, and 1 percent on interstate telecommunication services billed on or after April 1, 2016. This Act excludes "call centers" from the tax prior to July 1, 2003, and limits their tax liability to \$25,000 per year after June 30, 2003. Direct pay numbers will be granted to call centers after June 30, 2003.

Act 22 also enacts R.S. 47:6014 to provide a credit against Louisiana corporation or individual income taxes and Louisiana corporation franchise tax for, and in an amount equal to, forty percent of the aggregate ad valorem taxes paid to political subdivisions in Louisiana after December 31, 2000, by certain telephone companies.

Act 37 of the Regular Session (HB 295) revises the individual income tax schedule of rates and brackets; repeals the deduction of federal income tax and excess itemized deductions; and disallows various others deductions and tax credits for the individual income tax. Act 37 also repeals effective January 1, 2001 the suspension of certain sales tax exemptions that was enacted under Act 18 of the First Extraordinary Session. These tax changes will occur only if voters approve two constitutional amendments (see Act 48 and Act 49) on November 7, 2000. If the provisions of Act 37 become effective, individual income tax rates and schedules would be revised for taxable years beginning on or after January 1, 2001 as follows:

	2%	3%	4%	5%
Single Filer	Up to \$2,500	\$2,500 to \$5,000	\$5,000 to \$25,000	Over \$25,000
Joint Filer	Up to \$5,000	\$5,000 to \$10,000	\$10,000 to \$50,000	Over \$50,000

SALES TAXES

Act 7 of the Second Extraordinary Session (HB 31) amends and reenacts Section 6 of Act 33 of the Regular Session (HB 140) to provide that the suspension of certain exemptions to 1 percent of the state sales and use tax shall become ineffective on June 30, 2001, if and when the amendment to the Constitution of Louisiana contained in Act 48 is approved by voters on November 7, 2000.

Act 18 of the First Extraordinary Session (HB 36) extends the 3 percent suspension of sales tax exemptions under R.S. 47:302(N) and 331(O) through June 30, 2002. Act 33 of the 2000 Regular Session (HB 140) enacted R.S. 47:321(F), which added the fourth penny of state sales tax to this suspension. These acts are subject to Act 49 of the 2000 Regular Legislative Session (HB98) that will constitutionally exempt food for home consumption, natural gas, electricity, and water if approved by the voters on November 7, 2000. Act 18 of the 1st Extraordinary Session (HB 36) is also subject to Act 37 of the 2000 Regular Legislative Session (HB 295). That act, which becomes effective if Act 48 of the 2000 Regular Legislative Session (HB 73) is ratified in the November 7, 2000, statewide election, will remove the suspensions under R.S. 47:302(N) and R.S. 47:331(O) on January 1, 2001.

Act 18 of the Regular Session (HB 193) amends and reenacts R.S. 47:551(A) to extend the tax on the lease or rental of automobiles for periods of 29 calendar days or less through June 30, 2002. The Act is effective July 1, 2000.

Act 27 of the Regular Session (HB 22) amends and reenacts R.S. 47:305.50(A)(1)(a)(i) and (ii) to extend the exemption for trucks of at least 26,000 pounds gross weight, trailers, and contract carrier buses, used at least 80 percent of the time in interstate commerce, through June 30, 2002. Act 27 also extends the exemption for rail rolling stock manufactured in this state for use in interstate commerce. The Act is effective June 30, 2000.

Act 28 of the Regular Session (HB 23) amends Act 29 of the 1996 Regular Legislative Session to extend the boiler fuel exemption under R.S. 47:305(D)(1)(h) through June 30, 2002. However, this exemption is suspended through June 30, 2002 by Act 18 of the First Extraordinary Session of 2000 and Act 33 of the Regular Session of 2000. Effectively, this exemption will apply only to local sales and use taxes until July 1, 2002, when the provisions of Act

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18 and Act 33 expire. Act 28 also amends Act 12 of the 1996 Regular Legislative Session to extend the exemption for sales and use tax on vehicles purchased for lease under R.S. 47:301(10)(a)(i) and (ii) and (18)(a)(i) and (ii). This exemption is extended through June 30, 2002. This Act is effective June 30, 2000.

Act 30 of the Regular Session (HB 44) enacts R.S. 47:301(16)(f) to exclude used manufactured homes and 54 percent of the sales price of new manufactured homes from the definition of tangible personal property for sales tax purposes. A manufactured home means a structure defined in Section 5402 of Title 42 of the United States Code. Effective when a judgment in *Shirley M. Avants, et al v. John Neely Kennedy, Secretary*, No. 434575, Division D, 19th JDC, Parish of East Baton Rouge, State of Louisiana, becomes final and nonappealable or when a written compromise settlement is finalized.

Act 33 of the Regular Session (HB 140) amends Act 15 of the 1996 Regular Legislative Session to extend the sales tax exclusion under R.S. 47:301(7)(f), (10)(q) and 18(e) for educational materials purchased by approved parochial and private elementary schools through June 30, 2003. The exclusion **does not apply** to transactions occurring between July 1, 2000, and June 30, 2001. Act 33 also enacts R.S. 47:301(16)(f) to exclude pharmaceuticals administered to livestock used for agricultural purposes from sales and use tax. All such pharmaceuticals shall be registered with the Louisiana Department of Agriculture and Forestry.

Finally, Act 33 enacts R.S. 47:321(F) to suspend all sales tax exemptions, except for those specifically listed in this Act, from the sales tax levied under R.S. 47:321(A), (B), and (C). This provision and Act 18 of the First Extraordinary Session of 2000 suspends the sales tax exemptions from all four percent of the state sales tax through June 30, 2002. This Act is effective July 1, 2000.

Act 44 of the Regular Session (SB 8) amends Section 2 of Act 22 of the 1998 Regular Legislative Session to exclude food items donated to food banks prior to July 1, 1998 from sales and use tax. Act 22 of 1998 originally exempted donations made on or after July 1, 1998. This Act is effective June 28, 2000.

Act 47 of the Regular Session (SB 86) enacts R. S. 47:301(10)(s), (13)(f), (14)(j), and (18)(g) to exclude any charges for funeral directing services from sales and use tax. Funeral directing services include management of funerals, supervision of hearses or funeral cars, cleaning or dressing of dead human bodies for burial, and the performance or supervision of any service or act connected with the management of funerals. The Act is effective July 1, 2000.

Act 49 of the Regular Session (HB 98) proposes an amendment to the Constitution of Louisiana by adding Article VII, Section 2.2 to exempt food for home consumption, natural gas, electricity, and water from sales tax. This constitutional amendment is only effective if Act 48 of the Regular Session is approved by the voters on November 7, 2000.

SALES TAX - HOTEL/MOTEL DEDICATIONS

Act 10 of the Second Extraordinary Session (SB 2) amends R.S. 47:302.13(A) to dedicate the avails of the state sales taxes imposed by chapters 2, 2A, and 2B on the furnishings of sleeping rooms, cottages or cabins in hotels in Iberia Parish to the Bond Security and Redemption Fund. The Act is effective August 15, 2000.

SALES TAX — LOCAL

Act 22 of the Second Extraordinary Session (HB 27) amends R.S. 47:315.3(A) to allow a refund of state and local sales taxes when such is paid on the sale, lease, or rental of tangible personal property under the provisions of Medicare. This exemption was previously allowed only for state sales taxes. The Act is effective July 5, 2000.

TOBACCO TAX

Act 32 of the Regular Session (HB 117) amends and reenacts R.S. 47:841, enacts R.S. 47:841(B)(3) and 842(15), and repeals R.S. 47:47:841(F) all relative to tobacco tax. R.S. 47:841 adds smokeless tobacco to the introductory

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paragraph and adds subparagraph (B)(3) to levy an additional tax of four-twentieths of one cent per cigarette. R.S. 47:841(E) levies a tax of 20 percent of the invoice price on smokeless tobacco as defined at R.S. 47:842(15). Section 3 of Act 32 provides that the cigarette tax increase shall apply to all tobacco products purchased by retail and wholesale dealers on and after August 1, 2000, and shall not apply to stamped products and unused stamps in the possession of wholesale dealers prior to August 1, 2000. The cigarette tax increase is for the period beginning July 1, 2000 and ending June 30, 2002. The tax on smokeless tobacco is effective July 1, 2000.

UNCLAIMED PROPERTY

Act 16 of the Second Extraordinary Session (HB 11) amends R.S. 13:2074.5 to allow the City Court of Hammond to transfer surplus or unclaimed fees and costs to their General Fund Account of the court rather than report surplus or unclaimed fees and costs as unclaimed property. The Act is effective August 24, 2000.

Act 135 of the First Extraordinary Session (HB 174) moves the administration of the Uniform Unclaimed Property Act of 1997 from the Department of Revenue to the Department of Treasury. The Act is effective July 1, 2000.