Tax Exemption Budget

2010-2011

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Contributing to a better quality of life

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R-1005 (2/11)

This public document was published at a total cost of $4,217,73. Three hundred copies of this public document were published in this first printing at a cost of $4,597.63. The total cost of all printings of this document, including reprints, is $4,217,73. This document was published by Division of Administration, State Printing Office, 950 Brickyard Lane, Baton Rouge, LA 70802, to provide information relating to state tax exemptions under authority of R.S. 47:1509. This material was printed in accordance with the standards for printing by state agencies established pursuant to R.S. 43:31.

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Introduction

Statutory Requirements

The Louisiana Department of Revenue is required by Section 1517 of Title 47 of the Louisiana Revised Statutes to prepare an annual tax exemption budget. This report must include the following information pertaining to the state's tax exemptions:

1. Listing of each exclusion, exemption, credit, refund, preferential tax rate, or deferred tax liability;
2. Legal citation;
3. Purpose;
4. Estimate of the revenues lost for the preceding three years;
5. Estimate of the revenues lost for the current and ensuing fiscal year; and
6. Estimated cost of administering and implementing each exemption for the five years reflected in this report.

The Department is able to provide all of the required information except for the costs of administering and implementing each tax exemption. We do not have the data available to estimate these costs with any degree of accuracy.

In addition to the above data, this report must also contain the following information as it applies to specific tax exemptions:

- A determination of the tax exemption's effectiveness in fulfilling the purpose for which it was enacted; i.e., did the intended recipient benefit and, if not, who did benefit;
- An assessment as to whether the tax exemption is the most fiscally effective means of achieving its purpose;
- An evaluation as to whether unintended or inadvertent effects, benefits, or harm was caused by the tax exemption, including whether the tax exemption conflicts with other state statutes; and
- An evaluation as to whether the tax exemption simplifies or complicates the state tax statutes.

Contents of the Report

In addition to the Introduction (Part 1), the report consists of an Overview (Part 2), a Five-Year Estimate of Revenue Loss (Part 3), and a Listing of Exemptions (Part 4).

Part 2, the Overview, provides a general discussion of the tax exemption report and additional information on tax collections by the Department of Revenue.

Part 3, the Five-Year Estimate of Revenue Loss, is a listing of each exemption and the fiscal losses for the preceding three years, the current year, and the ensuing year as required. Preceding the listing is a summary of all taxes arranged in order of the magnitude of the revenue loss.

Part 4, the Listing of Exemptions, is arranged alphabetically by major tax type and provides the following general information on each tax exemption: the legal citation, legislative origin, effective date, purpose, and administration. Each section begins with an index listing individual tax exemptions, the legal citation, and page number. The index is followed by a general discussion of the tax, the tax base, rate of imposition, and any recent significant changes to its imposition or administration.

Overview

Introduction

The state's tax laws authorize a large number of exemptions, exclusions, deductions, credits, preferential tax treatments, and tax deferrals that substantially reduce the tax collection revenues. These special provisions are designed to encourage certain activities or to limit the tax burden on specific individuals or endeavors. The purpose of this report is to provide a comprehensive listing of all tax exemptions and to quantify the fiscal cost of the various tax exemptions, exclusions, deductions, and credits.

What is a tax exemption

For the purpose of this report, the term ***exemption*** is used to describe all exemptions, exclusions, deductions, credits, preferential tax treatments, and tax deferrals. Tax exemptions are tax dollars that are not collected and result in a loss of state tax revenues available for appropriation. In this sense, the fiscal effect of tax exemptions is the same as a direct fund expenditure. This report includes all tax exemptions provided for by state statutes for taxes administered by the Department of Revenue.

State exemptions versus total 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 exemption alone would not yield the fiscal effect indicated. For this reason, these exemptions are separately grouped at the end of each tax section.

Measuring the tax exemptions

In order to accurately interpret the data contained in this report, the methods of calculation and assumptions should be noted.

All revenue loss estimates in this report are based on information gathered from various sources. The most reliable information was obtained from the actual tax return data. However, not all data on a return can be captured nor is there room on the returns to provided space to list all exemptions. When available, other reliable sources were used.

In estimating the fiscal effect for each exemption, the following assumptions were made:

- Each tax exemption revenue loss was considered separately and it was assumed that all other elements of the tax system remained unchanged;
- The calculations of the revenue loss for a specific tax exemption did not consider any side effects that could result from the removal of any other exemption in another tax;
- Each estimate was made in isolation. If two or more items were eliminated within the same tax, each adjustment was computed independently; and
- All estimates are only as good as the assumptions used to complete the necessary calculations. If little data was available, the estimates included numerous assumptions.

Terminology

For the purposes of this report the following terminology is used to describe the fiscal effects:

- ***Negligible*** is used if the tax exemption was estimated at $10,000 or less;
- ***No data*** is used to indicate that data was not available from any source to estimate the past revenue loss. This includes data that is reported but is not captured from a return;
- ***Unable to anticipate*** is used to indicate that data was not available from any source to predict the future revenue loss; and,
- ***NRR*** is used to indicate that there is no reporting requirement for the data. This was generally the case for income tax and corporation franchise tax exemptions. Many of the corporations exempted are not required to file tax returns. For this reason, we do not have data available to calculate the fiscal effect for these exemptions.

Overview

Sales Tax – *A Special Situation*

Estimation of the fiscal effect for sales tax exemptions is complicated by the suspension of exemptions beginning in 1986.

In 1986, the effectiveness of the exemptions was temporarily suspended for one year under a House Concurrent Resolution resulting in the taxation of sales, services, and rentals that had previously been nontaxable, including food and utilities. The suspended exemptions were taxed at the rate of one percent. This suspension has been continued through a series of Resolutions and Acts at various rates of suspension. The current suspension of exemptions was passed in the 2004 1st Extraordinary Session. Special Legislative Sessions to extend the suspension through June 30, 2009.

Until the suspension of the exemptions began in 1986, the primary method of extending any tax benefits to taxpayers was through the exemption statutes under R.S. 47:305. In addition, the definitions under R.S. 47:301 contain exclusions that are not affected by the suspension of exemptions. In order to extend tax relief to taxpayers, 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 exclusions replaced existing exemptions that were taxable under the suspension of exemptions. This action resulted in two statutes affecting the same subject. In 1998, the Louisiana Legislature repealed most of these exemptions leaving only the exclusion as the statutory authority.

Legislation to suspend most exemptions at the four percent state sales tax rate for fiscal years 2005-2009 was enacted during the 2004 1st Ex. Sess., Act 4. 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 are 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. The revenue loss for these exemptions are reported in the row labeled "Exemptions subject to 1% suspended rate".

There are some special words or terms used in the sales tax section. These terms and the meaning of these terms are as follows:

- ***"Suspended"*** is used to indicate that a particular exemption is being fully taxed because of the suspension of the exemption; hence no fiscal loss.
- ***"See Number (N)"*** indicates that the fiscal impact for that exemption is included with the fiscal impact of the referenced exclusion/exemption. This will apply to those exemptions that have been superseded by an exclusion or grouped with a like exclusion/exemption.

Other Exemptions - Sales Tax

Several of the sales tax exemptions are combined on one line on the sales tax return. For this reason, we are unable to calculate the individual losses for these exemptions, but we are able to determine the total revenue loss. We have grouped these exemptions together under the heading Other Exemptions and the total revenue loss is shown on the table for sales tax.

Income and Corporation Franchise Taxes

The revenue loss for new exemptions is not be individually stated when applicable to more than one tax. The revenue loss is reported as such:

- when the exemption is applicable to corporation income and franchise taxes, the loss is shown under corporation income taxes;
- when applicable to individual income and corporation income, the loss is shown under corporation income taxes; and,
- when applicable to individual income, corporation income and franchise taxes, the loss is shown under corporation income taxes.

Tax Collections Versus Tax Exemptions

The largest fiscal losses due to tax exemptions stem from five major taxes: sales tax; income tax, which includes individual and corporation; severance taxes; petroleum products tax;; and corporation franchise taxes. The bar graph on page 6 compares the revenue loss from these tax exemptions with the tax collections for FY 2009-2010. The comparison includes only the state tax exemptions; exemptions that are also prohibited from taxation by the state constitution, federal laws, or existing reciprocal agreements are omitted. Since exemptions listed under tax incentives and exemption contracts includes sales, income and corporation franchise exemptions, the revenue losses for these exemptions has been added to their corresponding tax for this comparison only.

In theory, the actual tax collections plus the tax exemption revenue losses should equal the total potential tax collections. The tax exemption revenue losses were divided by the total potential collections to arrive at the percentage of tax loss.

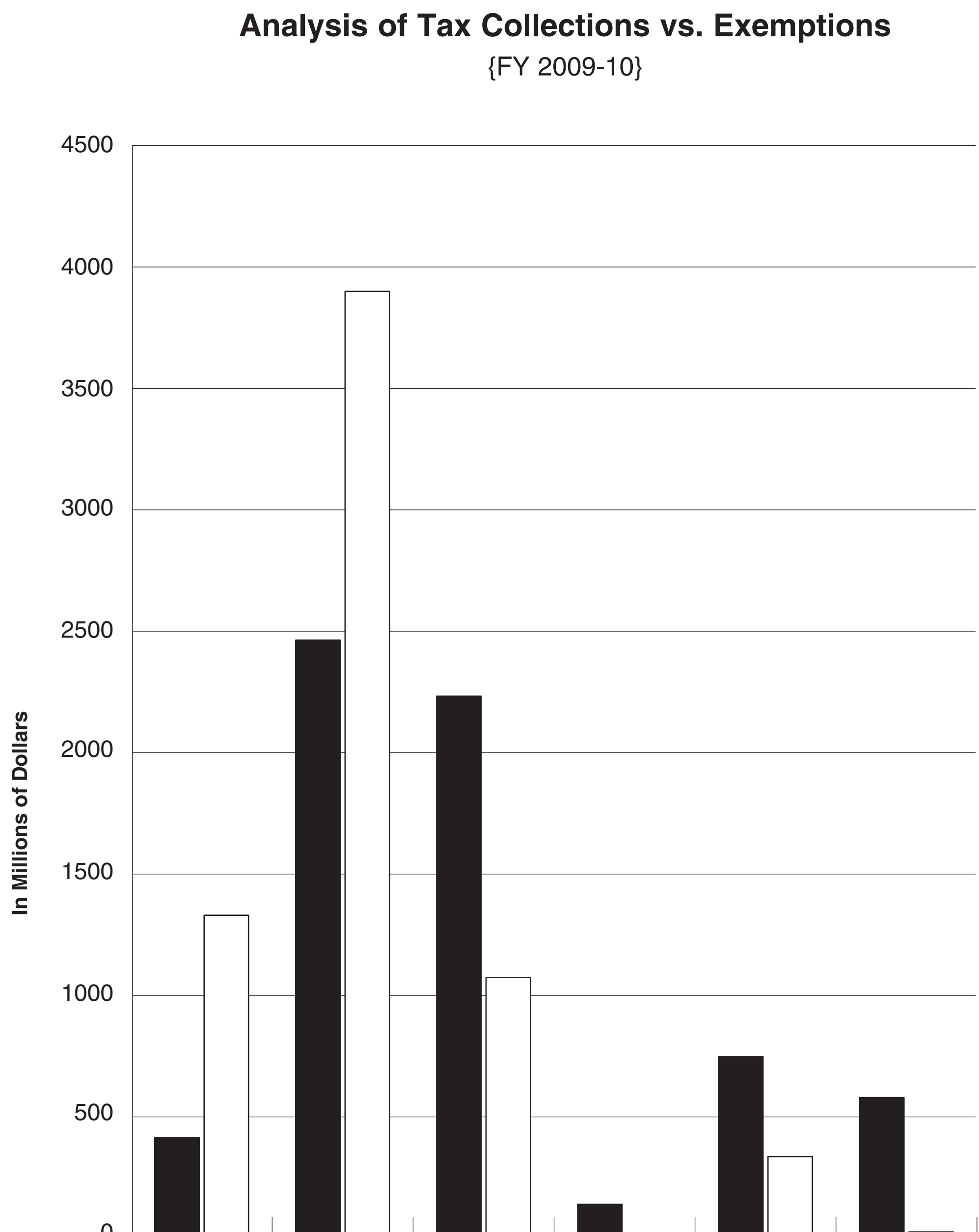
Top tax revenue losses

Sales, individual income, and corporation income taxes are the taxes with the largest fiscal losses due to statutory exemptions. Analyses of the various exemption categories for these taxes for FY 2009-2010 can be found on pages 7 through 9. In categorizing the various exemptions, only state tax exemptions were included. Exemptions that are prohibited from taxation by the state constitution, federal laws, or existing reciprocal agreements were not considered.

Comparison of major tax exemptions

Comparisons of the major tax exemptions for the sales, individual income, and corporation income taxes with the exemptions allowed in southeastern states can be found on pages 10 through 14. In categorizing the major exemptions, statutory and constitutionally protected exemptions were considered.

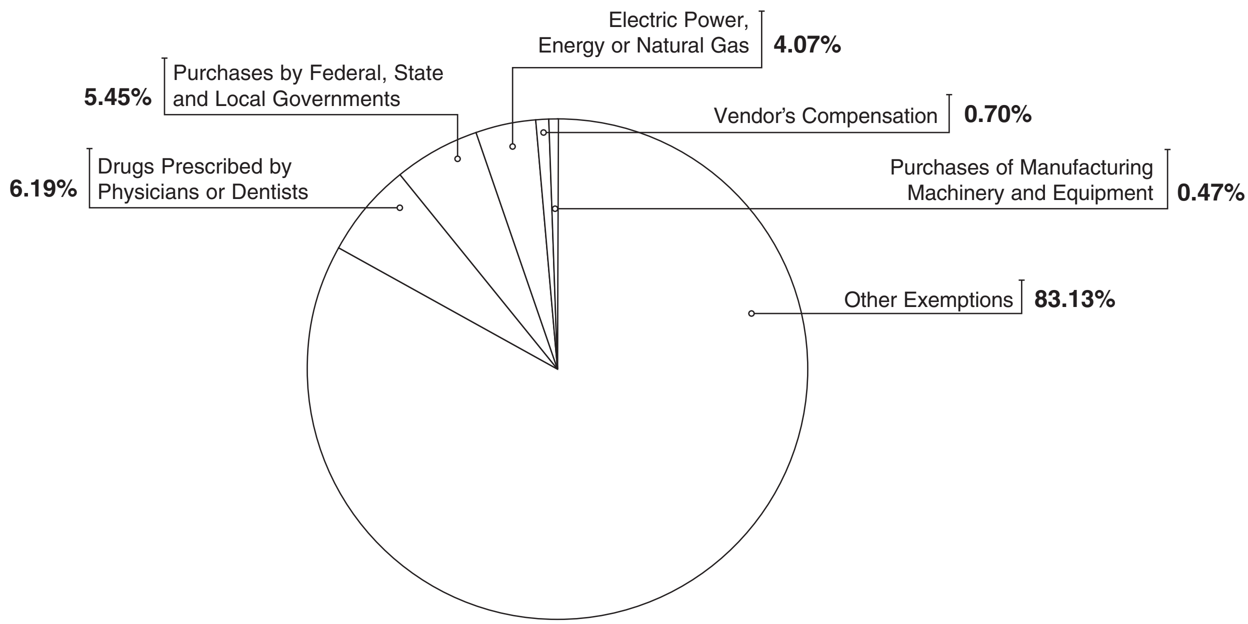
Overview



	Corporation Income	Sales	Individual Income	Corporation Franchise	Severance	Petroleum Products
Actual Collections	$ 435	$ 2,465	$2,240	$ 145	$ 774	$ 593
Estimated Exemptions	$ 1,333	$ 3,895	$1,074	$ 2	$ 354	$ 11
Total Potential Collections	**$ 1,768**	**$ 6,360**	**$3,314**	**$ 147**	**$ 1,128**	**$ 604**
Percentage of tax loss	75.4%	61.2%	32.4%	1.1%	31.4%	1.8%

* The revenue losses reported under tax incentive and exemption contracts has been included with their respective taxes of corporation income, sales, corporation franchise and individual income.

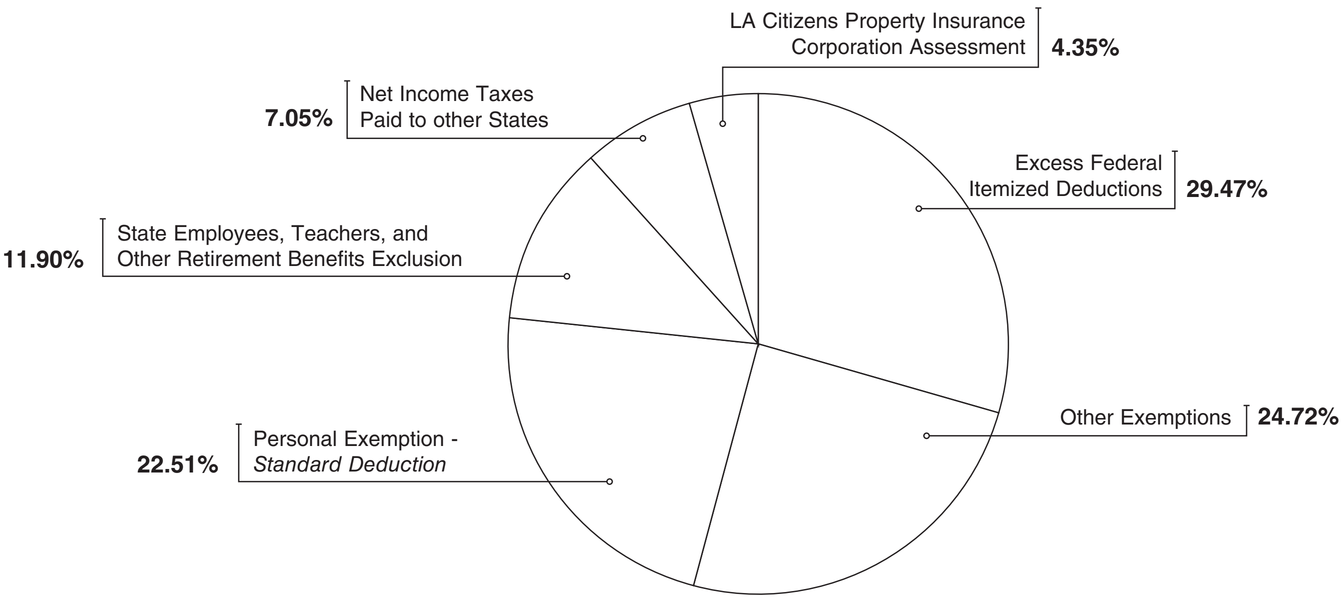
Top Tax Exemptions 2009-10
Sales Tax (Statutorily imposed)



Other Exemptions	$ 3,194,925,272	83.13%
Drugs Prescribed by Physicians or Dentists*	$ 237,938,576	6.19%
Purchases by Federal, State and Local Governments	$ 209,532,997	5.45%
Electric Power, Energy, Natural Gas, Water or Steam - Non-residential use	$ 156,309,021	4.07%
Vendor's Compensation	$ 26,763,010	0.70%
Purchases of Manufacturing Machinery and Equipment	$ 18,019,401	0.47%
Total Exemptions	**$ 3,843,488,277**	**100.0%**

* Drugs prescribed by physicians or dentists also includes other medical devices that are exempt from sales tax as the data does not allow for the fiscal impact to be determined for each item separately.

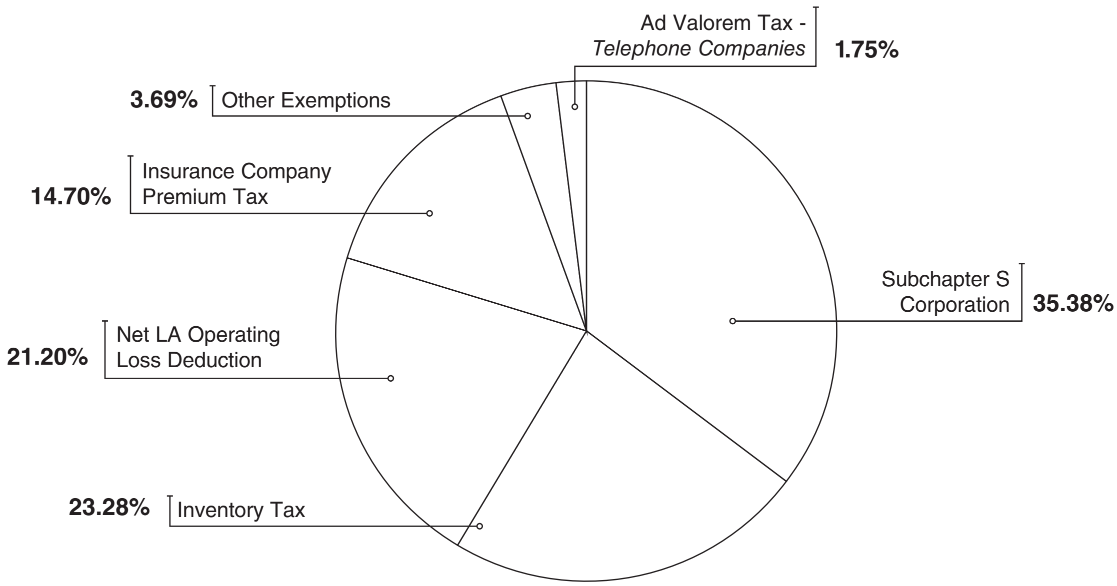
Top Tax Exemptions 2009-10
Individual Income Tax (Statutorily imposed)



Excess Federal Itemized Deductions	$ 316,504,246	29.47%
Other Exemptions	$ 265,544,568	24.72%
Personal Exemption - *Standard Deduction*	$ 241,731,233	22.51%
State Employees, Teachers, and Other Retirement Benefits Exclusion	$ 127,823,323	11.90%
Net Income Taxes Paid to other States	$ 75,709,008	7.05%
LA Citizens Property Insurance Corporation Assessment	$ 46,774,566	4.35%
Total Exemptions	**$ 1,074,086,944**	**100.0%**

Overview

Top Tax Exemptions 2009-10
Corporation Income Tax (Statutorily imposed)



Subchapter S Corporation	$ 471,349,263	35.38%
Inventory Tax Credit	$ 310,066,418	23.28%
Net LA Operating Loss Deduction	$ 282,411,805	21.20%
Insurance Company Premium Tax Credit	$ 195,847,392	14.70%
Other Exemptions	$ 49,212,889	3.69%
Ad Valorem Tax Paid by Certain Telephone Companies	$ 23,306,138	1.75%
Total Exemptions	**$1,332,123,905**	**100.0%**

	Louisiana	Alabama	Arkansas	Florida	Georgia	Kentucky	Mississippi	North Carolina	South Carolina	Tennessee	Texas	Virginia	West Virginia
Exemption													
1	Drugs, medical equipment and supplies, insulin, etc.	Exempts prescription drugs; durable medical equip. only when under order of doctor by a provider to Medicare recipient	Exempt prescription drugs, insulin strips, prescription medical equip. and supplies	Exempt	Exempt prescription drugs, insulin, insulin syringes, blood measuring devices, prescribed prosthetic devices, and wheelchairs by the totally disabled. Exempt durable medical equip. when paid for with Medicaid or Medicare funds	Exempt prescription drugs, medical oxygen, insulin, diabetic supplies, and prosthetic devices	Exempts prescription drugs, and the sale of home medical supplies and equipment paid for by Medicare or Medicaid	See note[1]	Medicine and prosthetic devices sold by prescription, prescription medicines & therapeutic radiopharmaceuticals used in the treatment of cancer or related diseases[2]	Exempts prescription drugs, certain OTC drugs, certain medical equipment and supplies.	Exempts prescription and OTC drugs	Exempt	Exempt
2	Food for further preparation	Taxable at 4%	Taxable at reduced rate of 2%	No Tax	Exempts food as defined by Federal Food Stamp Act for off premises consumption	Exempt	Taxable at 7%[3]	No state sales tax; all counties charge a 2% local sales tax	Exempt	Taxable at 5.5%	Exempt	Taxable at 1.5%, for a combined state and local rate of 2.5%	Taxable at 3%
3	Sales Tax Holiday- Annual holiday, hurricane preparedness items, & firearms, ammunition & hunting supplies	3 days for clothing, computers, school supplies & books	None	7-9 days for clothing, footwear, school supplies & books	No; last holiday was in 2009	None	2 days for clothing & footwear	3 days for clothing, computers, school supplies, educational software & sports equipment. 3 days for Energy Star appliances	3 days for clothing, computers, footwear, printers, school supplies, software, varous bath supplies & bed linens. 2 days for firearms	3 days for clothing, computers, & school supplies	3 days for clothing, & footwear. 3 days for Energy Star appliances	3 days for clothing, footwear & school supplies . 4 days for Energy Star appliances. 7 days for hurricane preparedness.	3 months for Energy Star appliances.
4A	Electric power or energy: residential	Taxable under utility tax, not sales tax	Taxable[4]	Exempt	Taxable	Exempt	No Tax	Taxable	Exempt	Exempt	Exempt	Taxable under utility tax, not sales tax	Exempt
4B	Other	Taxable under utility tax, not sales tax	Taxable[5]	Taxable[6]	Taxable[7]	Taxable[8]	Commercial usage taxed at 7%; industrial usage at 1.5%	Taxable[9]	Taxable[10]	Taxable; if used in manufacturing reduced to 1.5%	Taxable[11]	Taxable under utility tax, not sales tax	Exempt
5A	Natural gas: residential	Taxable under utility tax, not sales tax	Taxable	Exempt	Taxable	Exempt	No Tax	Taxable under excise tax, not sales tax	Exempt	Exempt	Exempt	Taxable[12]	Exempt

	Louisiana	Alabama	Arkansas	Florida	Georgia	Kentucky	Mississippi	North Carolina	South Carolina	Tennessee	Texas	Virginia	West Virginia
5B	Other	Taxable under utility tax, not sales tax	Taxable[6]	Taxable[7]	Taxable[13]	Taxable[9]	Commercial usage taxed at 7%; industrial usage at 1.5%	Taxable under excise tax, not sales tax	Taxable[10]	Taxable; if used in manufacturing reduced to 1.5%	Taxable[11]	Taxable[12]	Exempt
6	1.1% vendor's compensation no maximum	5%-on first $100; 2%-on remaining, $400 max	2% prompt payment discount; $1,000 per month max	2.5% on $1,200 tax/max	3% on first $3,000/tax; 0.5% over $3,000	1.75% on $1,000 tax; 1% on amounts over $1,000 w/cap of $1,500 per return	2% $50 max per return; $600 max per year	No	3% less than $100/tax; 2% over; max $3,000 per year; $3,100 if return filed electronically[14]	No	.5% for timely filed; 1.25% for prepayments	Varies[15]	No
7	Property purchased for exclusive use outside the state (off-shore use)	Taxable unless delivered; special exem. for offshore drilling equip.	Taxable	No Tax[16]	Taxable[17]	Taxable unless delivered	Exempt	Exempt	Taxable	Taxable	Exempt	Taxable[18]	Taxable

Footnotes for Sales Tax

1. Exempts Prescription Drugs, Insulin, Nonprescription Drugs sold on written prescription, durable medical equipment covered under Medicare/Medicaid, certain medical aids, nutritional supplements sold by chiropractors and orthopedic supplies.
2. For complete list of items that qualify for exemption see 12-36-2120 (28) (a)-(f).
3. Unless purchased with food stamps or purchased with food instruments issued to the Mississippi Band of Choctaw Indians.
4. Sale of first 500 kwh of electricity per month exempt for residential customers with HH income below $12,000 per year.
5. Except reduced to 4.5% for use in manufacturing process (4.0% in FY 09).
6. Non-residential utilities are taxed at 7% unless used in an industrial manufacturing process at a fixed location within the state.
7. Georgia exempts the sale of electricity sold to farmers for exclusive use in a poultry or swine structure and exclusive use for irrigation systems on row crops.
8. Industrial manufacturing capped at energy costs up to 3% of cost of production.
9. 2.83% if sold to commercial laundries & dry cleaners. Exempt if sold to manufacturing facility or for farming purposes.
10. Unless used in the manufacture of tangible personal property for sale, or used in the production of poultry, livestock, swine and milk.
11. Exempt for manufacturing, agricultural, timber, certain electrical processes, and certain uses related to jet turbine engines for certificated or licensed carriers, federal or foreign government, and electric utilities.
12. Natural gas delivered to customers through lines, mains, or pipes is exempt.
13. Georgia exempts the 4% tax on sales of natural gas sold to electricity manufacturers.
14. A maximum of $10,000 when not required to register but collect the tax voluntarily.
15. 4% of the 3% tax if monthly taxable sales are $62,500 or less; 3% of the 3% tax if taxable sales are $62,501 to $208,000; and 2% of the 3% tax if taxable sales are $208,001 or more.
16. As long as possession is taken outside the state.
17. Exempts consumables and motor fuels placed in ships plying the high seas in interstate or foreign commerce.
18. Exemption for fuel and supplies for use or consumption aboard ships or vessels plying the high seas, in interstate or foreign commerce, when delivered directly to such ships or vessels.

Comparison of Major Tax Exemptions with Southeastern States For the 2009 Tax Year

	Louisiana	Alabama	Arkansas	Georgia	Kentucky	Mississippi	North Carolina	South Carolina	Virginia	West Virginia
Exemption										
1	Personal exemption: $4,500 S/MS; $9,000 MJ/HH *(This is a combined personal exemption/ standard deduction)*	$1,500/S $3,000/MJ $1,500/MS $3,000/HH	Tax credit of $23/S $46/MJ $23/MS $23/HH	$2,700 each taxpayer	Tax credit $20 per taxpayer $40 additional credit for persons age 65 or over or blind	$6,000/S $12,000/MJ $6,000/MS $8,000/HH	$2,500 per exemption; $2,000 for higher income levels	$3,650 per taxpayer (SAF)	$930 per taxpayer; additional $800 if age 65 or older or blind	$2,000 per taxpayer[1]
2	Standard deduction *(Louisiana has a combined personal exemption/standard deduction - See figures above.)*	Based on AGI, minimums are: $2,500 S $7,500 MJ $3,750 MS $4,700 HH	$4,000/MJ $2,000 all others	$2,300 S/HH $1,500 MS $3,000 MJ $1,300 Additional for 65 or Blind	$2,190 per taxpayer, indexed annually	$2,300/S $4,600/MJ $2,300/MS $3,400/HH	$3,000/S $6,000/MJ $3,000/MS $4,400/HH	$5,700 S/MS $11,400 MJ $8,350 HH SAF	$3,000/S $6,000/MJ $3,000/MS	No
3	Excess federal itemized deduction *(100% of excess federal itemized deduction allowed for 2008)*	(SAF) FICA deductible, medical limited to 4% instead of 7.5%	(SAF) Cannot deduct state tax	(SAF) Cannot deduct state tax for states other than Georgia	(SAF) Cannot deduct state tax[3]	(SAF) Cannot deduct state tax, Mississippi Gaming losses	(SAF) Cannot deduct state tax	(SAF) Cannot deduct state tax	(SAF) Cannot deduct state tax	No
4	Dependent exemption-deduction: $1,000 per dependent	AGI ≤ $20,000 = $1,000 AGI $20,000 to $100,000 = $500 AGI > $100,000= $300	$23 tax credit per dependent	$3,000 per dependent	$20 tax credit per dependent	$1,500 per dependent	$2,500 per exemption; $2,000 for higher income levels	(SAF) $3,650 per dependent[4]	$930 per dependent	$2,000 per dependent
5	Annual retirement income exclusion of up to $6,000 for age 65 or older	All defined benefit plans in accordance with IRC 414(j) are exempted in full	Up to $6,000 exclusion for certain retirement plans	Up to $35,000 exclusion for age 62 or older or totally disabled[5].	Exclusion of up to $41,110	Exempted in total	Up to $2,000 for private retirement benefits	Deduction of $3,000 until reaching age 65; $10,000 at age 65 or older[6]	Up to $12,000 exclusion if over age of 65	$8,000 exclusion for senior citizens ($16,000 on joint returns).
6	State employees, teachers and other retirement benefits exclusions	Yes	No, see # 5 above	No, see # 5 above	Yes[7]	Yes	Up to $4,000[8]	Benefits for service in a state National Guard or Reserves is not taxable. See #5 above for others.	No, see # 5 above	Yes[9]
7	Federal retirement benefits exclusion	Yes	No, see # 5 above	No, see # 5 above	Yes[7]	Yes	Up to $4,000[8]	No, see # 5 above	No, see # 5 above	$2,000[10]
8	Federal income tax deduction	Yes	No	No	No	No	No	No	No	No

SAF=Same As Federal **HH**=Head of Household **MJ**=Married Filing Joint **MS**=Married Filing Separate **S**=Single **AGI**=Adjusted Gross Income

	Louisiana	Alabama	Arkansas	Georgia	Kentucky	Mississippi	North Carolina	South Carolina	Virginia	West Virginia
9	Military Pay Exclusion of $30,000	No	$9,000 exempt for U.S. military compensation	No	No	No	No	No	No	No
10	Student Tuition Deduction-50% of expenses, limited to $5,000	No	Limited to lesser of 50% of actual amount or 50% of Weighted Average	No	No[11]	No	No	No	No[12]	No

Footnotes for Individual Income Tax

Florida, Tennessee, and Texas do not have an individual income tax; Florida and Tennessee tax interest and dividend income from certain intangible assets.

1. Except for those that are claimed as a dependent on another taxpayer's return. The exemption for a taxpayer claimed as a dependent on another person's return is limited to $500.
2. Additional $1,300 deduction each for taxpayer/spouse age 65 or older; $1,300 deduction each for taxpayer/spouse that is blind.
3. (SAF) Cannot deduct state tax, foreign income, or state or local sales tax.
4. Children under six years of age receive a double exemption.
5. Up to $4,000 of earned income may be part of the exclusion amount.
6. All persons age 65 or older are eligible for a $15,000 deduction from any taxable income, but reduced by any retirement income exclusion.
7. State, local, and federal retirement income if retired after 12/31/97 is treated the same as private pension income (up to $41,110 excludable). Exempted in total if retired before January 1, 1998.
8. The $4,000 limit applies to NC state & local government employees and federal employees who didn't have 5 years of service as of 8/12/89. Any retired teacher or employee of another state may also excluded up to $4,000
9. Complete exclusion for benefits received under any WV police, WV fireman's retirement system, WV State Police death, disability and retirement fund, WV deputy sheriff retirement system. $2,000 exclusion for military and WV public employees and teachers retirement systems.
10. Military retirees are also entitled to an additional exclusion equal to the first $20,000 of military retirement income included in federal AGI.
11. Kentucky does have a Education Tuition Tax Credit equal to 25% of federal credit for undergraduate studies.
12. A licensed primary or secondary school teacher may enter a deduction equal to twenty percent of unreimbursed tuition costs incurred to attend continuing teacher education courses that are required as a condition of employment, provided these expenses were not deducted from federal adjusted gross income.

Corporation Income Tax

Comparison of Major Tax Exemptions with Southeastern States For the 2009 Tax Year

	Louisiana	Alabama	Arkansas	Florida	Georgia	Kentucky	Mississippi	North Carolina	South Carolina	Tennessee	Texas	Virginia	West Virginia
Exemption													
1	Net operating loss deduction *(Carryback 3 years, carryforward 15 years)*	Yes, forward 15 years	Yes, forward 5 years	Yes, forward 15 years	Yes, forward 20 years; carryback 2 years	Yes, forward 20 years	Yes forward 20 years; carryback 2 years	Yes, forward 15 years[1]	Yes, forward 15 years	Yes, forward 15 years	No, effective 1/1/08	Yes, based upon federal provisions[2]	Yes[3], based upon Federal provisions
2	Subchapter S Status recognized	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
3	Percentage depletion *(22% of gross income limited to 50% of net income from the property)*	12% of gross income from property[4], limited to 50% of net income from property	Same as federal	No	Same as federal	Yes	No	Yes[5]	No	No	Same as federal	Same as federal	No
4	Federal income tax deduction	Yes	No	No	No	No	No	No	No	No	No	No	No

Footnotes for Corporation Income Tax

1. For economic loss only; no carryback.
2. For years 2001 and 2002 corporations limited to two-year carryback, can carryforward until utilized
3. Carryback and carryforward provisions are the same as federal provisions. However, no more than $300,000 of net operating loss from any tax year may be carried back to any previous taxable year.
4. Gross Income excludes rents or royalties. Limit computed on net income without allowance for depletion. In no case shall allowance be less than federal. In case of leases, equitably apportioned between lessor or lessee. (40-18-16(b)(2))
5. In excess of cost depletion allowance on North Carolina property.

Five-Year Estimated Revenue Loss

Part 3

Tax Type (Listed in order of magnitude by FYE 6-10)	**FYE 6-08**	**FYE 6-09**	**FYE 6-10**	**FYE 6-11** (projected)	**FYE 6-12** (projected)
1. Sales Tax[2]	$4,274,379,536	$4,371,214,930	$3,894,690,159	$3,972,795,294	$4,053,721,200
2. Income Tax - *Corporation*[2]	$1,215,239,790	$1,314,329,738	$1,332,871,880	$1,358,170,091	$1,384,973,494
3. Income Tax - *Individual*	$792,079,947	$989,923,868	$1,074,086,944	$1,087,833,000	$1,109,571,000
4. Tax Incentives and Exemption Contracts[2]	$255,234,665	$289,797,404	$420,065,178	No data	No data
5. Natural Resources - *Severance*	$164,842,000	$202,554,000	$354,205,000	$233,570,000	$243,070,000
6. Petroleum Products Tax	$11,397,800	$11,039,600	$10,889,800	$11,425,000	$11,425,000
7. Tobacco Tax	$8,361,150	$8,640,000	$7,639,400	$7,700,000	$7,700,000
8. Public Utilities and Carriers Taxes[1]	$1,828,000	$2,337,000	$2,212,600	$2,250,000	$2,250,000
9. Corporation Franchise Tax	$1,114,103	$881,614	$1,595,642	$1,627,000	$1,660,000
10. Liquors - *Alcoholic Beverage Taxes*[3]	$1,560,100	$1,489,800	$1,493,600	$1,525,000	$1,525,000
11. Inheritance Tax	$589,000	$324,000	$154,000	$52,500	$18,000
12. Gift Tax	$793,000	$449,000	$45,000	$0	$0
13. Telecommunications Tax[1]	$26,800	$22,100	$22,500	$23,000	$23,000
14. Hazardous Waste Disposal Tax[1, 3]	$21,200	$17,500	$15,500	$20,000	$20,000
Total Tax Revenue Loss	**$6,727,107,091**	**$7,193,020,555**	**$7,099,987,203**	**$6,676,990,885**	**$6,815,956,694**

Footnotes for Summary of all Taxes

1. Included on the miscellaneous tax table.
2. The FYE 6-08 and 6-09 revenue losses have been revised in order to reflect the revenue losses obtained from more reliable sources.
3. The FYE 6-09 revenue loss has been revised in order to reflect the revenue losses obtained from more reliable sources.

*** = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Exclusions					
1. Purchases by off-track wagering facilities	###	###	###	###	###
2. Purchases by pari-mutuels racetracks	###	###	###	###	###
3. Purchases, Services and Rentals for Construction of Sewerage or Waste Water Treatment Facility	###	###	###	###	###
4. Isolated or Occasional Sales of Tangible Personal Property	###	###	###	###	###
5. Installation Charges on Tangible Personal Property	###	###	###	###	###
6. Installation of Board Roads to Oil-Field Operators	###	###	###	###	###
7. Manufacturers Rebates on New Motor Vehicles	$15,220,012	$17,935,061	$12,812,678	$13,068,932	$13,330,311
8. Manufacturers Rebates Paid Directly to a Dealer	###	###	###	###	###
9. Purchases of Consumables by Paper and Wood Manufacturers and Loggers	***	***	***	$1,500,000	$3,000,000
10. Leases or Rentals of Railroad Rolling Stock and Leases or Rentals by Railway Companies and Railroad Corporations	###	###	###	###	###
11. Purchases of Manufacturing Machinery and Equipment	$11,572,467	$28,014,639	$18,019,401	$18,379,789	$18,747,385
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	$6,021,543	$7,481,867	See number 100	See number 100	See number 100
14. Room Rentals at Camp and Retreat Facilities	###	###	###	###	###
15. Room Rentals at Certain Homeless Shelters	***	***	$0	$0	$0
16. Rentals or Leases of Certain Oil-Field Property to be Released or Rerented	###	###	###	###	###
17. Certain Transactions Involving the Construction or Overhaul of U.S. Navy Vessels	###	###	###	###	###
18. Rental or Purchase of Airplanes or Airplane Equipment and Parts by Louisiana Domiciled Commuter Airlines	###	###	###	###	###
19. Purchases and Leases by Free Hospitals	###	###	###	###	###
20. Certain Educational Materials and Equipment used for Classroom Instruction	###	###	###	###	###

Footnotes for Sales Tax

Included in the row labeled other exemptions.

******* = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
21. Sales and Rentals to Boys State of La., Inc. and Girls State of La., Inc.	###	###	###	###	###
22. Vehicle Rentals for Rerent to Warranty Customers	###	###	###	###	###
Exclusions *Continued*					
23. Property used in the Manufacture, Production, or Extraction of Unblended Diesel	###	###	###	###	###
24. Leases or Rentals of Pallets used in Packaging Products Produced by a Manufacturer	***	###	###	###	###
25. Purchases by Regionally Accredited Independent Educational Institutions	###	###	###	###	###
26. Purchases by State and Local Governments[1]	$171,650,812	$228,406,716	$209,532,997	$213,723,657	$217,998,130
27. Purchases of Certain Bibles, Song Books, or Literature by Certain Churches or Synagogues for Religious Instructional Classes	Prohibited[2]	Prohibited[2]	Prohibited[2]	Prohibited[2]	Prohibited[2]
28. Purchases by the Society of the Little Sisters of the Poor	Prohibited[2]	Prohibited[2]	Prohibited[2]	Prohibited[2]	Prohibited[2]
29. Purchases by Nonprofit Entities that Sell Donated Goods	###	###	###	###	###
30. Purchases of Tangible Personal Property for Lease or Rental	$11,412,257	$17,622,321	$8,240,371	$8,405,178	$8,573,282
31. Purchases of New research equipment by a biotechnology company	***	***	***	***	***
32. Sales through coin-operated vending machines	NRR	NRR	NRR	NRR	NRR
33. Natural gas used in the production of iron	###	###	See number 100	See number 100	See number 100
34. Electricity for chlor-alkali manufacturing process	###	###	See number 100	See number 100	See number 100
35. Sales of human-tissue transplants	###	###	###	###	###
36. Sales of raw agricultural products	###	###	###	###	###
37. Sales to the United States Government and its agencies	See number 26	See number 26	See number 26	See number 26	See number 26
38. Sales of food items by youth organizations	###	###	###	###	###
39. Purchases of school buses by independent operators	No data	No data	No data	No data	No data
40. Tangible personal property sold to food banks	###	###	###	###	###
41. Pollution control devices and systems	###	###	###	###	###

Footnotes for Sales Tax

1. These amounts include the total revenue loss for purchases by state and local government and sales to the U.S. government (see #37). Estimate is based on sales tax line item reports.
2. See Revenue Information Bulletin No. 06-022 issued May 5, 2006.

Included in the row labeled other exemptions.

*** = Not in effect

NRR = No Reporting Requirement

Negligible = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
42. Certain aircraft assembled in Louisiana with a capacity of 50 people or more	###	###	###	###	###
43. Pelletized paper waste used in a permitted boiler	###	###	###	###	###
Exclusions *Continued*					
44. Purchases of equipment by bona fide volunteer and public fire department	###	###	###	###	###
45. Sales of telephone directories by advertising companies	###	###	###	###	###
46. Sales of cellular telephones and electronic accessories	***	***	***	***	***
47. Purchases of fuel or gas by residential consumers	See number 186	See number 186	See number 186	See number 186	See number 186
48. Alternate substance used as a fuel	###	###	###	###	###
49. Donation of toys	###	###	###	###	###
50. Natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities	###	###	$0	$0	$0
51. Purchases by a private postsecondary academic degree-granting institution	###	###	###	###	###
52. Purchases of food items for school lunch or breakfast programs by nonpublic elementary or secondary schools	###	###	###	###	###
53. Purchases of storm shutter devices	###	###	###	###	###
54. Sales of Tangible Personal Property by the Louisiana Military Department	***	***	###	###	###
55. Sales of Anthropogenic Carbon Dioxide use in Qualified Tertiary Recovery Projects	***	***	###	###	###
56. Articles traded in on tangible personal property	###	###	###	###	###
57. First $50,000 of new farm equipment used in poultry production	See number 132	See number 132	###	###	###
58. Specialty Mardi Gras items sold by certain organizations	###	###	###	###	###
59. Admissions to athletic or entertainment events by educational institutions and membership dues of certain nonprofit, civic organizations	###	###	###	###	###
60. Admissions to museums	###	###	###	###	###
61. Admissions to places of amusement at camp or retreat facilities	###	###	###	###	###
62. Repair services performed in Louisiana when the repaired property is exported	$9,648,756	$13,776,956	$10,042,110	$10,242,952	$10,447,811
63. Repairs, renovations or conversions of drilling rigs	###	###	###	###	###

Footnotes for Sales Tax

Included in the row labeled other exemptions.

*** = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
64. Interstate telecommunication services purchased by defined call centers	###	###	###	###	###
65. Telecommunication services through coin-operated telephones	###	###	###	###	###
Exclusions *Continued*					
66. Miscellaneous telecommunication services	###	###	###	###	###
67. Coin bullion with a value of $1,000 or more	###	###	###	###	###
68. Certain geophysical survey information and data analyses	$0	$0	$0	$0	$0
69. Work products of certain professionals	$0	$0	$0	$0	$0
70. Pharmaceuticals administered to livestock for agricultural purposes	###	###	###	###	###
71. Used manufactured homes and 54 percent of cost of new manufactured homes	$6,877,793	$3,919,210	$5,188,885	$5,292,663	$5,398,516
72. Purchases of certain custom computer software[1]	###	###	###	###	###
73. Certain digital television and digital radio conversion equipment	###	###	***	***	***
74. Materials used directly in the collection of blood	###	###	###	###	###
75. Apheresis kits and leuko reduction filters	###	###	###	###	###
76. Other constructions permanently attached to the ground	###	###	###	###	###
77. Purchases by motor vehicle manufacturers	See number 11	See number 11	See number 11	See number 11	See number 11
78. Purchases by Glass Manufacturers	***	***	See number 11	See number 11	See number 11
79. Purchases of machinery and equipment by owners of certain radio stations	See number 11	See number 11	See number 11	See number 11	See number 11
80. Purchases of machinery and equipment by certain utilities	***	See number 11	See number 11	See number 11	See number 11
81. Sales of Newspapers	***	###	###	###	###
82. Donations to certain schools and food banks from resale inventory	###	###	###	###	###
83. Use tax on residue or by-products consumed by the producer	###	###	###	###	###
84. Advertising services	$0	$0	$0	$0	$0
Exemptions					
85. Purchases by nonprofit electric cooperatives	Suspended	Suspended	+++	+++	+++
86. Purchases by a public trust	$0	$0	$0	$0	$0

Footnotes for Sales Tax

1. Amounts have been revised to reflect changes made to tax returns.

Included in the row labeled other exemptions.

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

*** = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Exemptions *Continued*					
87. Sales by state-owned domed stadiums	###	###	###	###	###
88. Sales by certain publicly-owned facilities	###	###	###	###	###
89. Boats, Vessels, and Other Water Craft as Demonstrators	***	***	###	###	###
90. Purchases of off-road vehicles by certain buyers domiciled in another state	###	###	###	###	###
91. Sales of farm products direct from the farm	###	###	###	###	###
92. Racehorses claimed at races in Louisiana	###	###	###	###	###
93. Feed and feed additives for animals held for business purposes	Suspended	Suspended	+++	+++	+++
94. Materials used in the production or harvesting of crawfish	Suspended	Suspended	+++	+++	+++
95. Materials used in the production or harvesting of catfish	Suspended	Suspended	+++	+++	+++
96. Farm products produced and used by the farmers	###	###	###	###	###
97. Sales of gasoline (not subject to motor fuels tax)	Suspended	Suspended	+++	+++	+++
98. Sales of steam	See number 100	See number 100	See number 99	See number 99	See number 99
99. Sales of water	See number 100	See number 100	$4,806,687	$4,902,821	$5,000,877
100. Sales of electric power or energy	$46,853,639	$113,369,813	$156,309,021	$159,435,201	$162,623,905
101. Sales of newspapers	Suspended	Suspended	Repealed	Repealed	Repealed
102. Sales of fertilizers and containers to farmers	###	###	###	###	###
103. Sales of natural gas	See number 100	See number 100	See number 100	See number 100	See number 100
104. Materials and energy sources used for boiler fuel	Suspended	Suspended	+++	+++	+++
105. Trucks, automobiles, and new aircraft removed from inventory for use as demonstrators	Suspended	Suspended	No data	Unable to anticipate	Unable to anticipate
106. Drugs prescribed by physicians or dentists	$253,293,829	$251,070,885	$237,938,576	$242,697,348	$247,551,295
107. Adaptive driving equipment and motor vehicle modification	Suspended	Suspended	+++	+++	+++
108. Sales of food by certain institutions	Suspended	Suspended	###	###	###
109. Fees paid by radio and television broadcasters for the rights to broadcast film, video, and tapes	Suspended	Suspended	+++	+++	+++
110. Repairs and materials used on drilling rigs and equipment	###	###	###	###	###

Footnotes for Sales Tax

Included in the row labeled other exemptions.

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

*** = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Exemptions *Continued*					
111. Sales of 50-ton vessels and new component parts and sales of certain materials and services to vessels operating in interstate commerce	###	###	###	###	###
112. Sales of seeds for planting crops	###	###	###	###	###
113. Sales of admission tickets by Little Theater organizations	Suspended	Suspended	+++	+++	+++
114. Tickets to musical performances by nonprofit musical organizations	Suspended	Suspended	+++	+++	+++
115. Sales of pesticides for agricultural purposes	###	###	###	###	###
116. Rentals of motion-picture film to commercial theaters	Suspended	Suspended	+++	+++	+++
117. Property purchased for exclusive use outside the state	###	###	###	###	###
118. Additional tax levy on contracts entered into prior to and within 90 days of tax levy	***	***	$0	$0	$0
119. Admissions to entertainment by domestic nonprofit charitable, educational, and religious organizations	Suspended	Suspended	+++	+++	+++
120. Sales of tangible personal property at or admissions to events sponsored by certain nonprofit groups	###	###	###	###	###
121. Sales by thrift shops on military installations	###	###	###	###	###
122. Sales of newspapers by religious organizations	###	###	###	###	###
123. Sales to nonprofit literacy organizations	###	###	###	###	###
124. Sales or purchases by blind persons operating small businesses	###	###	###	###	###
125. Purchases by certain organizations that promote training for the blind	###	###	###	###	###
126. Cable television installation and repair services	$0	$0	$0	$0	$0
127. Receipts from coin-operated washing and drying machines in commercial laundromats	NRR	NRR	NRR	NRR	NRR
128. Outside gate admissions and parking fees at fairs, festivals, and expositions sponsored by nonprofit organizations	Suspended	Suspended	+++	+++	+++
129. Lease or rental of certain vessels in mineral production	Suspended	Suspended	+++	+++	+++
130. Purchases of supplies, fuels, and repair services for boats used by commercial fishermen	###	###	###	###	###
131. Certain seafood-processing facilities	###	###	###	###	###

Footnotes for Sales Tax

Included in the row labeled other exemptions.

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

*** = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Exemptions *Continued*					
132. First $50,000 of the sales price of certain rubber-tired farm equipment and attachments	$8,128,585	$7,522,897	###	###	###
133. New vehicles furnished by a dealer for driver-education programs	Suspended	Suspended	+++	+++	+++
134. Sales of gasohol	Suspended	Suspended	+++	+++	+++
135. Construction materials and operating supplies for certain nonprofit retirement centers	Suspended	Suspended	+++	+++	+++
136. Sales of motor vehicles to be leased or rented by qualified lessors	See number 30	See number 30	See number 30	See number 30	See number 30
137. Sales of certain fuels used for farm purposes	###	###	###	###	###
138. Sales or purchases by certain sheltered workshops	###	###	###	###	###
139. Purchases of certain fuels for private residential consumption	See number 186	See number 186	See number 186	See number 186	See number 186
140. Specialty Mardi Gras items purchased or sold by certain organizations	Suspended	Suspended	+++	+++	+++
141. Purchases and sales by Ducks Unlimited and Bass Life	Suspended	Suspended	+++	+++	+++
142. Tickets to dance, drama, or performing arts presentations by certain nonprofit organizations	Suspended	Suspended	+++	+++	+++
143. Purchases by and sales by certain nonprofit organizations dedicated to the conservation of fish and migratory waterfowl	See number 141	See number 141	See number 141	See number 141	See number 141
144. Raw materials used in the printing process	Suspended	Suspended	+++	+++	+++
145. Piggyback trailers or containers and rolling stock	Suspended	Suspended	+++	+++	+++
146. Pharmaceutical samples distributed in Louisiana	Suspended	Suspended	+++	+++	+++
147. Catalogs distributed in Louisiana	Suspended	Suspended	+++	+++	+++
148. Certain trucks and trailers used 80% in interstate commerce	$7,375,108	$4,673,858	$4,838,579	$4,935,351	$5,034,058
149. Certain contract carrier buses used 80% in interstate commerce	$1,301,490	$824,799	$853,867	$870,944	$888,363
150. Rail rolling stock sold or leased in Louisiana	###	###	###	###	###
151. Sales of Railroad Ties to Railroads for use in Other States	***	***	+++	+++	+++
152. Utilities used by steelworks and blast furnaces	See number 100	See number 100	See number 100	See number 100	See number 100
153. Sickle cell disease organizations	###	###	###	###	###
154. Annual Louisiana sales tax holiday	###	###	$2,936,000	$3,704,000	$3,778,080

Footnotes for Sales Tax

Included in the row labeled other exemptions.

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

*** = Not in effect

NRR = No Reporting Requirement

Negligible = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Exemptions *Continued*					
155. Purchase of rental of machinery and equipment to replace equipment damaged or destroyed by Hurricane Katrina or Hurricane Rita	***	***	***	***	***
156. Sales of original one-of-a-kind works of art sold in certain locations	###	###	###	###	###
157. Hurricane preparedness Louisiana sales tax holiday	###	###	$46,000	$46,920	$47,858
158. Sales of construction materials to Habitat for Humanity	###	###	###	###	###
159. Purchase of certain water conservation Equipment for use in the Sparta Groundwater Conservation District	###	###	###	###	###
160. Second Amendment Sales Tax Holiday	***	***	$360,000	$400,000	$408,000
161. Sale of polyroll tubing	***	***	###	###	###
162. Purchase, Lease or Repair of certain capital equipment and computer software of qualifying radiation therapy treatment centers	***	***	###	###	###
163. Purchases of construction Materials by Hands on New Orleans and Rebuilding Together New Orleans covenant partners	***	***	###	###	###
164. Antique airplanes held by private collectors and not used for commercial purposes	Suspended	Suspended	+++	+++	+++
Alternate Reporting Methods					
165. Certain interchangeable components; optional method to determine	###	###	###	###	###
166. Helicopters leased for use in the extraction, production, or exploration for oil, gas, or other minerals	See number 30	See number 30	See number 30	See number 30	See number 30
167. Cash-basis sales tax reporting and remitting for health and fitness club membership contracts	###	###	###	###	###
168. Cash-basis reporting procedure for rental and lease transactions	###	###	###	###	###
169. Collection from interstate and foreign transportation dealers	###	###	###	###	###
Statutorily Prescribed Methods of Taxation					
170. Extended time to register mobile homes	###	###	###	$0	$0
171. "Sales or cost price" of refinery gas	$0	$0	$0	$0	$0
Credits					
172. Vendor's compensation	$34,067,701	$32,927,922	$26,763,010	$27,298,270	$27,844,235
173. Credit for costs to reprogram cash registers	$127,592	$31,730	$70,977	$72,397	$73,845

Footnotes for Sales Tax

Included in the row labeled other exemptions.

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

*** = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Refunds					
174. Sales tax remitted on bad debts from credit sales	$704,065	$1,962,208	$190,783	Unable to anticipate	Unable to anticipate
175. State sales tax paid on property destroyed in a natural disaster	$14,035,829	$5,440,337	$259,134	Unable to anticipate	Unable to anticipate
176. Materials used in the construction, restoration, or renovation of housing in designated areas	$0	$0	$0	Unable to anticipate	Unable to anticipate
177. Purchases and leases of durable medical equipment paid by or under provisions of Medicare	$9,701	$930,365	$734,080	Unable to anticipate	Unable to anticipate
178. Sales tax collected by a qualified charitable institutions	$0	$0	$0	Unable to anticipate	Unable to anticipate
179. Louisiana Tax Free Shopping Program	$604,197	$598,872	$806,934	Unable to anticipate	Unable to anticipate
Other Exemptions	**$3,675,474,160**	**$3,634,704,474**	**$3,184,186,154**	**$3,247,869,877**	**$3,312,827,275**
Exemptions subject to 1% suspended rate	***	***	**$9,753,916**	**$9,948,994**	**$10,147,974**
Total State Sales Tax Revenue Loss	**$4,274,379,536**	**$4,371,214,930**	**$3,894,690,159**	**$3,972,795,294**	**$4,053,721,200**
State Exemptions with Prohibitions on Taxation					
180. Sales of gasoline, gasohol, and diesel	###	###	###	###	###
181. Purchases made with food stamps and WIC vouchers	$0	$0	$0	$0	$0
182. Credit for sales and use taxes paid to other states on property imported into Louisiana	###	###	###	###	###
183. Credit for Use Tax Paid on Automobiles Imported by Certain Members of the Armed Services	See number 182	See number 182	See number 182	See number 182	See number 182
184. Use of Vehicles in Louisiana by Active Military Personnel	See number 182	See number 182	See number 182	See number 182	See number 182
185. Sales of Food for Preparation and Consumption in the Home	$314,247,582	$327,045,761	$328,076,110	$334,637,632	$341,330,385
186. Sales of Electric Power or Energy to the Consumer for Residential Use	$130,129,302	$174,768,412	$145,979,174	$148,898,757	$151,876,732
187. Sales of Natural Gas to the Consumer for Residential Use	See number 186	See number 186	See number 186	See number 186	See number 186
188. Sales of Water to the Consumer for Residential Use	See number 186	See number 186	See number 186	See number 186	See number 186
Total Revenue Loss from Exemptions with Prohibitions on Taxation	**$444,376,884**	**$501,814,173**	**$474,055,284**	**$483,536,389**	**$493,207,117**
Total Sales Tax Revenue Loss	**$4,718,756,420**	**$4,873,029,103**	**$4,368,745,443**	**$4,456,331,683**	**$4,546,928,317**

Footnotes for Sales Tax
Included in the row labeled other exemptions.

*** = Not in effect   **NRR** = No Reporting Requirement   **Negligible** = less than $10,000

Exemptions		FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
	Exemptions and Exclusions					
1.	Credit Unions	NRR	NRR	NRR	NRR	NRR
2.	Exemption for Certain Foreign Corporations	NRR	NRR	NRR	NRR	NRR
3.	Electric Cooperatives	NRR	NRR	NRR	NRR	NRR
4.	Exemption for Events, Activities, or Enterprises Conducted in Domed-stadium or Certain Baseball Facilities	NRR	NRR	NRR	NRR	NRR
5.	Exemption for Events, Activities, or Enterprises Conducted in Publicly-owned Facilities	NRR	NRR	NRR	NRR	NRR
6.	State Banking Corporations and Shareholders	NRR	NRR	NRR	NRR	NRR
7.	Dividends from National Banking Corporations and State Banking Corporation	NRR	NRR	NRR	NRR	NRR
8.	Interest on State or Local Government Obligations	NRR	NRR	NRR	NRR	NRR
9.	Certain Exempt Entities	NRR	NRR	NRR	NRR	NRR
10.	Louisiana Community Development Financial Institutions	NRR	NRR	NRR	NRR	NRR
11.	Governmental Subsidies for Operating Public Transportation Systems	$0	$0	$0	$0	$0
12.	Income from Carriage on High Seas	$0	$0	$0	$0	$0
13.	Subchapter S Corporation[1]	$489,750,806	$482,380,086	$471,349,263	$480,776,248	$490,391,773
	Deductions					
14.	Percentage Depletion	$18,000,000	$18,000,000	$18,000,000	$18,000,000	$18,000,000
15.	Net Louisiana Operating Loss[1]	$275,217,303	$305,085,527	$282,411,805	$288,060,041	$293,821,242
16.	Deduction for I.R.C. Section 280(C) Wage Expense Deduction	No data	No data	No data	Unable to anticipate	Unable to anticipate
17.	Deduction for Interest Income and Dividend Income	No data	No data	No data	Unable to anticipate	Unable to anticipate
18.	Deduction for Hurricane Recovery Entity Benefits	$0	No data	No data	Unable to anticipate	Unable to anticipate
	Credits					
19.	Insurance Company Premium Tax	$152,938,500	$184,310,945	$195,847,392	$199,764,340	$203,759,627
20.	Bone Marrow Donor Expense	$0	$0	$0	Unable to anticipate	Unable to anticipate
21.	Employment of Certain First-time Nonviolent Offenders	Negligible	$0	Negligible	Negligible	Negligible

Footnotes for Corporation Income Tax
1. Amounts have been revised in order to reflect the revenue losses obtained from more reliable sources.

*** = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Credits *Continued*					
22. Donations to Assist Qualified Playgrounds	$0	$0	$0	Unable to anticipate	Unable to anticipate
23. Contribution of Tangible Property of a Sophisticated and Technological Nature to Educational Institutions	Negligible	Negligible	Negligible	Negligible	Negligible
24. Employee and Dependent Health Insurance Coverage Credit	$8,676,962	$0	Negligible	***	***
25. Donations to Public Elementary or Secondary Schools	$0	$0	Negligible	Negligible	Negligible
26. Debt Issuance Costs	$0	Negligible	$0	Unable to anticipate	Unable to anticipate
27. Donations of Property to Certain Offices and Agencies	$0	$0	$0	$0	$0
28. Donations of Materials, Equipment, or Instructors Made to Certain Training Providers	Negligible	$0	$0	Unable to anticipate	Unable to anticipate
29. Vehicle Alternative Fuel Usage	$24,286	$10,374	$145,862	***	***
30. Employment of the Previously Unemployed	$0	Negligible	$0	Unable to anticipate	Unable to anticipate
31. Purchase of a Qualified Recycling Equipment	$278,546	$58,521	$37,758	$38,513	$39,283
32. Louisiana Basic Skills Training	$0	$0	Negligible	Negligible	Negligible
33. Apprenticeship Tax Credit	***	$45,343	$212,290	$216,536	$220,867
34. Cash Donations to Dedicated Research Investment Fund	$0	$0	Negligible	Negligible	Negligible
35. New Jobs	$450,961	$557,840	$626,044	$638,565	$651,336
36. Certain refunds issued by utilities	Negligible	$0	$46,411	$47,339	$48,286
37. Hiring Eligible Re-entrants	Negligible	Negligible	Negligible	Negligible	Negligible
38. Neighborhood Assistance	Negligible	$0	$13,815	$13,978	$14,258
39. Rehabilitation of Historic Structures	$1,054,930	$7,697,884	$1,741,265	$1,617,290	$1,649,636
40. Louisiana Community Development Financial Institutions Act	$0	$18,072	$0	Unable to anticipate	Unable to anticipate
41. Low-income Housing	$0	$0	$0	$0	$0

*** = Not in effect

NRR = No Reporting Requirement

Negligible = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Credits *Continued*					
42. Inventory Tax/Ad Valorem Tax Credit[1]	$217,942,933	$268,287,875	$310,066,418	$316,267,746	$322,593,101
43. Ad Valorem Tax on Natural Gas[1]	$108,997	$1,557,177	$3,641,852	$3,714,689	$3,788,983
44. Ad Valorem Tax on Offshore Vessels[1]	$18,382,852	$13,791,365	$18,490,278	$18,860,085	$19,237,287
45. Ad Valorem Tax Paid by Certain Telephone Companies[1]	$24,249,503	$26,860,220	$23,306,138	$23,772,261	$24,247,706
46. Purchases from Prison Industry Enhancement Contractors[1]	$0	$0	Negligible	Negligible	Negligible
47. LA Citizens Property Insurance Corporation Assessment[2]	$8,105,701	$4,924,759	$4,080,346	$4,161,953	$4,245,192
48. Sugarcane Transport Credit[1]	***	***	$109,279	$111,465	$113,694
49. Wind and Solar Energy System	***	$0	$76,500	$78,030	$79,591
50. Milk Producers[1]	$57,510	$112,500	$225,000	$229,500	$234,090
51. Conversion of Vehicles to Alternative Fuel	***	***	$34,238	$34,923	$35,621
52. School Readiness Child Care Provider Credit[1]	***	$615,250	$1,504,250	$1,534,335	$1,565,022
53. School Readiness Business Supported Child Care Credit[1]	***	$16,000	$157,700	$160,854	$164,071
54. School Readiness Fees and Grants to Resource & Referral Agencies Credit[1]	***	Negligible	$70,000	$71,400	$72,828
Other Exemptions	**$0**	**$0**	**$677,975**	**Unable to anticipate**	**Unable to anticipate**
Total State Revenue Loss	**$1,215,239,790**	**$1,314,329,738**	**$1,332,871,880**	**$1,358,170,091**	**$1,384,973,494**
Exemption Required by the State Constitution					
55. Federal Income Tax Deduction[3]	$186,605,319	$206,711,180	$177,324,798	$180,871,294	$184,488,720
Total Corporation Income Tax Revenue Loss	**$1,401,845,109**	**$1,521,040,918**	**$1,510,196,678**	**$1,593,041,385**	**$1,569,462,214**

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 includes credits claimed on a stand alone form for taxpayers not required to file a corporation income tax return.
3. Amounts have been revised in order to reflect the revenue losses obtained from more reliable sources.

*** = Not in effect | **NRR** = No Reporting Requirement | **Negligible** = less than $10,000

Individual Income Tax

Exemptions	FYE 6-08*	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Exemptions and Exclusions					
1. Interest on State or Local Government Obligations	NRR	NRR	NRR	NRR	NRR
2. Exemption for Estate or Trust	NRR	NRR	NRR	NRR	NRR
3. Annual Retirement Income Exclusion	$18,467,366	$18,200,680	$14,778,145	$15,074,000	$15,375,000
4. Disability Income Exclusion[1]	$4,042,843	$3,770,348	$3,967,605	$4,047,000	$4,128,000
5. State Employees, Teachers, and Other Retirement Benefit Exclusion	$134,717,103	$138,845,190	$127,823,323	$130,380,000	$132,988,000
6. Federal Retirement Benefits Exclusion	$28,055,618	$27,722,078	$25,845,005	$26,362,000	$26,889,000
7. Military Pay Exclusion	$4,455,229	$4,491,922	$4,758,929	$4,854,000	$4,951,000
8. S Bank Income Exclusion	See number 4	See number 4	See number 4	See number 4	See number 4
Deductions					
9. Deduction for Adaptive Home Improvements for Disabled Individuals	See number 4	See number 4	See number 4	See number 4	See number 4
10. Dependent Exemption/Deduction	$29,013,145	$28,911,302	$30,282,544	$30,888,000	$31,506,000
11. Deduction for Construction Code Retrofitting	***	$12,119	$12,232	$12,000	$12,000
12. Excess Federal Itemized Deductions	$151,675,085	$250,081,875	$316,504,246	$322,834,000	$329,291,000
13. Deduction for Hurricane Recovery Entity Benefits	$4,267,637	$1,055,427	$339,124	$346,000	$353,000
14. Deduction for Recreation Volunteer	$19,079	$26,168	$19,513	$20,000	$20,000
15. Deduction for Volunteer Firefighter	$57,174	$58,290	$49,159	$50,000	$51,000
16. Deduction for START Savings Program Contribution	$1,199,504	$1,320,525	$1,363,898	$1,391,000	$1,419,000
17. Deduction for I.R.C. Section 280(C) Wage Expense	$4,712,850	$5,790,688	$7,074,588	$7,216,000	$7,360,000
18. Deduction for Teachers	$192,333	$169,222	$17,435	$0	$0
19. Deduction for Net Capital Gains	***	***	***	$1,000,000	$1,000,000
20. Personal Exemption-Standard Deduction[2]	$238,839,737	$236,575,418	$241,731,233	$246,566,000	$251,497,000
21. Deduction for Military Family Assistance Fund	See number 4	See number 4	See number 4	See number 4	See number 4
22. Elementary & Secondary School Tuition Deduction	***	***	$9,411,417	$9,600,000	$9,792,000
23. Educational Expenses for Home-Schooled Children Deduction	***	***	$127,211	$130,000	$133,000

Footnotes for Individual Income Tax

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 disable individuals.
2. 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.

******* = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Exemptions	FYE 6-08*	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Deductions *Continued*					
24. Deduction for Fees and Other Educational Expenses for a Quality Public Education	***	***	$1,314,353	$1,341,000	$1,368,000
Credits					
25. Net Income Taxes Paid to Other States	$64,673,414	$67,373,869	$75,709,008	$77,185,000	$78,729,000
26. Contribution of Tangible Property of a Sophisticated and Technological Nature to Educational Institutions	$738,303	$1,065,409	$961,848	$981,000	$1,001,000
27. Certain Disabilities	$3,070,700	$2,968,000	$3,235,700	$3,300,000	$3,366,000
28. Special Allowable Credits	$820,515	$604,585	$1,759,793	$1,795,000	$1,831,000
29. Education Credit	$16,532,400	$16,892,300	$17,297,650	$17,644,000	$17,997,000
30. Certain Child Care Expenses	$10,043,632	$11,964,910	$14,739,029	$15,034,000	$15,335,000
31. Gasoline & Special Fuels Taxes for Commercial Fisherman	$25,954	$27,095	$119,556	$122,000	$124,000
32. Family Responsibility	$17,796	$229,997	$142,556	$145,000	$148,000
33. Small Town Doctor/Dentist	$1,107,807	$1,318,672	$1,313,232	$1,339,000	$1,366,000
34. Bone Marrow Donor Expense	Negligible	Negligible	Negligible	Negligible	Negligible
35. Educational Expense Incurred for a Degree Related to Law Enforcement	$64,694	$173,475	$137,802	$141,000	$144,000
36. Employment of Certain First Time Drug Offenders	Negligible	$12,403	$10,489	$11,000	$11,000
37. Purchase of Bulletproof Vest	$15,353	$27,180	$17,597	$18,000	$18,000
38. Employment of Certain First-time Nonviolent Offenders	Negligible	$15,106	$12,202	$12,000	$12,000
39. Donations to Assist Qualified Playgrounds	$17,903	$38,678	$69,214	$71,000	$72,000
40. Debt Issuance Costs	Negligible	$16,027	$33,210	$34,000	$35,000
41. Donations of Property to Certain Offices and Agencies	$0	$0	$0	$0	$0
42. Donations of Materials, Equipment, or Instructors made to Certain Training Providers	$13,251	$278,758	$312,738	$319,000	$325,000
43. Long-term Insurance Premiums	***	***	***	***	***
44. Living Organ Donation	$24,022	$11,114	$36,481	$37,000	$38,000
45. Employment-related Expenses for Maintaining Households for Certain Disabled Dependents	$58,803	$344,961	$507,700	$518,000	$528,000
46. Vehicle Alternative Fuel Usage	$37,961	$138,754	$17,379	$18,000	$18,000
47. Employment of the Previously Unemployed	Negligible	$119,786	$360,806	$368,000	$375,000
48. Purchase of a Qualified Recycling Equipment	$100,195	$245,627	$221,778	$226,000	$231,000

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Exemptions	FYE 6-08*	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Credits *Continued*					
49. Louisiana Basic Skills Training	Negligible	$51,024	$45,977	$47,000	$48,000
50. Apprenticeship Tax Credit	***	$162,249	$177,599	$181,000	$185,000
51. Cash Donations to Dedicated Research Investment Fund	$0	$129,319	Negligible	Negligible	Negligible
52. Rehabilitation of Historic Structures	$11,681,999	$15,704,318	$26,054,028	$26,575,000	$27,107,000
53. Louisiana Community Development Financial Institutions Act	$1,573,162	$2,647,608	$6,740,582	$6,875,000	$7,013,000
54. Low-income Housing	$0	$0	$0	$0	$0
55. Rehabilitation of an Owner Occupied Residential or Mixed-Use property	$149,211	$54,811	$428,553	$437,000	$446,000
56. Property Insurance	***	$47,060,253	$8,416,146	***	***
57. Earned Income Tax Credit	***	$38,528,220	$45,410,094	$46,318,000	$47,244,000
58. Amounts Paid by Certain Military Servicemembers for Obtaining Louisiana Hunting and Fishing Licenses	$45,872	$424,826	$109,833	$112,000	$114,000
59. Inventory Tax/Ad valorem tax	$7,313,939	$8,264,220	$9,904,930	$10,097,000	$10,299,000
60. Ad Valorem Tax on Natural Gas	$186,429	Negligible	$183,753	$187,000	$191,000
61. Ad Valorem Tax Credit for Offshore Vessels	$3,491,402	$8,763,641	$11,305,598	$11,532,000	$11,763,000
62. Ad Valorem Tax Paid by Certain Telephone Companies	$0	$0	Unable to anticipate	Unable to anticipate	Unable to anticipate
63. Purchases from Prison Industry Enhancement Contractors	$0	$0	Unable to anticipate	Unable to anticipate	Unable to anticipate
64. LA Citizens Property Insurance Corporation Assessment[1]	$47,115,416	$41,622,883	$46,774,566	$47,710,000	$48,664,000
65. Sugarcane Transport Credit	***	***	$88,363	$90,000	$92,000
66. Wind and Solar Energy System	***	$1,422,745	$7,601,369	$7,753,000	$7,908,000
67. Milk Producers	$851,251	$953,750	$1,660,000	$1,693,000	$1,727,000
68. Conversion of Vehicles to Alternative Fuel	***	***	$509,278	$519,000	$529,000
69. School Readiness Child Care Credit	***	$945,020	$1,414,327	$1,443,000	$1,472,000
70. School Readiness Child Care Provider	***	$604,354	$1,314,150	$1,340,000	$1,367,000
71. School Readiness Child Care Directors and Staff	***	$1,303,852	$3,151,550	$3,215,000	$3,279,000

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.

*** = Not in effect　**NRR** = No Reporting Requirement　**Negligible** = less than $10,000

Exemptions	FYE 6-08*	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Credits *Continued*					
72. School Readiness Business Supported Child Care Credit	***	$11,699	$25,956	$26,000	$27,000
73. School Readiness Fees & Grants to Resource & Referral Agencies	***	$97,439	$248,611	$254,000	$259,000
Other Exemptions	**$2,593,860**	**$273,679**	**$85,953**	**Unable to anticipate**	**Unable to anticipate**
Total State Revenue Loss	**$792,079,947**	**$989,923,868**	**$1,074,086,944**	**$1,087,833,000**	**$1,109,571,000**
Exemption Required by the State Constitution					
74. Federal income tax deduction	$728,671,984	$751,118,885	$695,540,932	$709,452,000	$723,641,000
75. Interest on US Obligations	$6,446,063	$4,913,895	$3,638,140	$3,711,000	$3,785,000
76. Native American Income	$377,673	$248,603	$280,925	$287,000	$293,000
Total Individual Income Tax Revenue Loss	**$1,527,575,667**	**$1,746,205,251**	**$1,773,546,941**	**$1,801,283,000**	**$1,837,290,000**

******* = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Tax Incentives and Exemption Contracts

Five-Year Revenue Loss

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
1. Atchafalaya Trace Heritage Area Development Zone Tax Exemption	$9,214	$8,340	$6,793	Unable to anticipate	Unable to anticipate
2. Brownfields Investor Tax Credit	$0	$479,273	$167,417	Unable to anticipate	Unable to anticipate
3. Cane River Heritage Tax Credit	$2,109	$3,120	$3,163	Unable to anticipate	Unable to anticipate
4. Louisiana Community Economic Development	$70	$50,065	$34,183	Unable to anticipate	Unable to anticipate
5. Ports of Louisiana Tax Credits	***	***	$6,939	Unable to anticipate	Unable to anticipate
6. Motion Picture Investor Tax Credit	$89,390,561	$100,150,217	$164,215,821	Unable to anticipate	Unable to anticipate
7. Research and Development Tax Credit[1]	$7,911,230	$13,587,275	$19,428,437	Unable to anticipate	Unable to anticipate
8. Digital Interactive Media Producer Tax Credit	$106,509	$377,860	$184,101	Unable to anticipate	Unable to anticipate
9. Louisiana Motion Picture Incentive Program	$2,574,075	$817,092	$1,362,139	Unable to anticipate	Unable to anticipate
10. Louisiana Capital Companies Tax Credit Program	$21,335,948	$49,108,429	$222,901	Unable to anticipate	Unable to anticipate
11. New Markets Tax Credit	$1,022,491	$9,053,459	$17,715,720	Unable to anticipate	Unable to anticipate
12. University Research and Development Parks	$6,263	$61,148	$1,745	Unable to anticipate	Unable to anticipate
13. Louisiana Biomedical Research and Development Park Program	$0	$0	$0	Unable to anticipate	Unable to anticipate
14. Industrial Tax Equalization Program	$2,708,982	$6,195,954	$14,442,153	Unable to anticipate	Unable to anticipate
15. Exemptions for Manufacturing Establishments	$21,677,522	$3,542,142	$1,279,716	Unable to anticipate	Unable to anticipate
16. Enterprise Zones	$59,593,218	$60,564,631	$109,564,764	Unable to anticipate	Unable to anticipate
17. Sound Recording Investor Tax Credit	$118,473	$432,509	$466,265	Unable to anticipate	Unable to anticipate
18. Urban Revitalization Tax Incentive Program	$0	$693	$2,778	Unable to anticipate	Unable to anticipate
19. Mentor-Protégé Tax Credit	$8,094	$45,848	$22,611	Unable to anticipate	Unable to anticipate
20. Technology Commercialization Credit Program	$5,000	$57,074	$317,332	Unable to anticipate	Unable to anticipate
21. Angel Investor Tax Credit Program	$1,656,886	$1,827,001	$2,734,521	Unable to anticipate	Unable to anticipate
22. Musical & Theatrical Productions Tax Credit	$0	$0	$30,024	Unable to anticipate	Unable to anticipate
23. Retention and Modernization Credit	***	***	$2,045	Unable to anticipate	Unable to anticipate
24. Green Jobs Industries Credit	***	***	***	***	***
25. Louisiana Quality Jobs Program	$47,108,020	$43,435,275	$87,853,790	Unable to anticipate	Unable to anticipate
Total Revenue Loss	**$255,234,665**	**$289,797,404**	$420,065,358	**Unable to anticipate**	**Unable to anticipate**

Footnotes for Individual Income Tax
1. FYE 6-08 and 6-09 revenue losses has been revised in order to reflect the revenue losses obtained from more reliable sources.

*** = Not in effect   **NRR** = No Reporting Requirement   **Negligible** = less than $10,000

Exemptions		FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
	Natural Gas Exclusions					
1.	Injection	$2,424,000	$312,000	$249,000	$123,000	$125,000
2.	Produced Outside the State of Louisiana	$78,000	$69,000	$82,000	$41,000	$45,000
3.	Flared or Vented	$763,000	$1,040,000	$1,187,000	$588,000	$600,000
4.	Consumed in Field Operations	$7,944,000	$13,531,000	$12,791,000	$6,337,000	$6,500,000
5.	Consumed in the Production of Natural Resources in the State of Louisiana	$7,000	$7,000	Negligible	Negligible	Negligible
6.	Used in the Manufacture of Carbon Black	$884,000	$1,372,000	$2,248,000	$1,114,000	$1,250,000
	Natural Gas Suspensions					
7.	Horizontal Wells	$896,000	$14,494,000	$167,509,000	$82,995,000	$90,000,000
8.	Inactive Wells	$4,733,000	$6,806,000	$6,478,000	$3,210,000	$3,500,000
9.	Deep Wells	$8,002,000	$6,962,000	$8,000,000	$3,900,000	$4,500,000
10.	New Discovery Wells	Expired	Expired	Expired	Expired	Expired
	Natural Gas Special Rates					
11.	Incapable Oil-Well Gas	$1,708,000	$759,000	$2,069,000	$1,025,000	$1,100,000
12.	Incapable Gas-Well Gas	$33,933,000	$40,564,000	$56,382,000	$26,787,000	$30,000,000
	Oil Deduction					
13.	Trucking, Barging, and Pipeline Fees	$5,395,000	$2,803,000	$1,565,000	$1,500,000	$1,500,000
	Oil Suspensions					
14.	Horizontal Wells	$27,000	$630,000	$291,000	$450,000	$400,000
15.	Inactive Wells	$35,200,000	$56,000,000	$42,105,000	$45,000,000	$40,000,000
16.	Deep Wells	$12,283,000	$7,200,000	$9,595,000	$8,000,000	$10,000,000
17.	New Discovery Wells	Expired	Expired	Expired	Expired	Expired
18.	Tertiary Recovery	100,000	$2,550,000	$7,235,000	$12,000,000	$12,000,000
	Oil Special Rates					
19.	Incapable Oil	$13,088,000	$12,100,000	$8,639,000	$10,000,000	$11,000,000
20.	Stripper Oil	$36,841,000	$35,000,000	$27,283,000	$30,000,000	$30,000,000
21.	Stripper Oil Value Less than $20 per Barrel	$0	$0	$0	$0	$0
22.	Salvage Oil	$309,000	$103,000	$186,000	$200,000	$250,000
23.	Horizontal Mining and Drilling Projects	$0	$0	$0	$0	$0

*** = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Oil and Gas Incentives					
24. Produced Water Injection Incentive	$227,000	$252,000	$311,000	$300,000	$300,000
Mineral Exemption					
25. Owned and Severed by Political Subdivisions	$0	$0	$0	$0	$0
Total Severance Tax Revenue Loss	**$164,842,000**	**$202,554,000**	$354,202,000	$233,570,000	$256,570,000

*** = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Exemptions		FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
	Gasoline Tax Exemptions					
1.	Casinghead Gasoline	$0	$0	$0	$0	$0
2.	Aviation Gasoline	$300,000	$213,000	$175,700	$200,000	$200,000
	Gasoline Fuel Tax Refunds					
3.	Gasoline for Premixed Two-cycle Engine Fuel	Negligible	Negligible	Negligible	Negligible	Negligible
4.	School-Bus Drivers	$81,000	$36,000	$37,100	$40,000	$40,000
5.	Farmers, Fishermen, and Aircraft	$71,000	$47,500	$37,500	$40,000	$40,000
	Gasoline Tax Refunds Discount					
6.	Discount of 3 Percent for a Gasoline Dealer	***	***	***	***	***
7.	Discount of 3 Percent for a Gasoline Jobber	***	***	***	***	***
8.	Discount for Timely Filing and Payment by Suppliers	$6,877,000	$6,742,500	$6,833,500	$7,000,000	$7,000,000
	Diesel Fuels Tax Refunds					
9.	School-Bus Drivers	$218,200	$169,000	$221,200	$220,000	$220,000
10.	Diesel Fuels Used in Licensed Vehicles by Commercial Fishermen	Negligible	Negligible	Negligible	Negligible	Negligible
	Special Fuels/Diesel Fuels Tax Discount					
11.	Discount of 3 Percent	***	***	***	***	***
12.	Discount for Timely Filing and Payment by Suppliers	$2,200,000	$2,166,000	$2,087,000	$2,200,000	$2,200,000
	Inspection Fee on Exemptions					
13.	Gasoline and Undyed Diesel Brought into Louisiana in Fuel Supply Tanks of Interstate Motor Fuel Users[1]	$19,300	$21,300	$22,000	$25,000	$25,000
14.	Undyed Diesel Fuel Used by Commercial Fishermen	Negligible	Negligible	Negligible	Negligible	Negligible
15.	Diesel Fuels Used in or Distributed to Seagoing Vessels	$554,300	$571,500	$707,000	$700,000	$700,000
16.	Exports of Gasoline or Diesel Fuels	$1,077,000	$1,072,500	$768,800	$1,000,000	$1,000,000
	Total State Revenue Loss	**$11,397,800**	**$11,039,600**	**$10,889,800**	**$11,425,000**	**$11,425,000**

Footnotes for Petroleum Products Tax

1. Revised amounts obtained from new reports.

* Unable to verify with current program for statistics.

******* = Not in effect **NRR** = No Reporting Requirement **Negligible** = less than $10,000

Petroleum Products Tax

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Federally Imposed Exemptions					
17. Gasoline Sales to Federal Government and its Agencies[1]	$792,500	$322,000	$282,400	$300,000	$300,000
18. Interstate Gasoline and Diesel Shipments/Exports[1]	$95,536,000	$104,148,000	$75,545,000	$80,000,000	$80,000,000
Total Revenue Loss from Federally Imposed Exemptions	**$96,328,500**	**$104,470,000**	**$75,827,400**	**$80,300,000**	**$80,300,000**
Total Petroleum Products Revenue Loss	**$107,726,300**	**$115,509,600**	**$86,717,200**	**$91,725,000**	**$91,725,000**

Footnotes for Petroleum Products Tax
1. Revised amounts obtained from new reports.

*** = Not in effect   **NRR** = No Reporting Requirement   **Negligible** = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Discounts					
1. Discount of 6 Percent for Tobacco Stamps	$7,595,000	$7,600,000	$6,432,400	$6,500,000	$6,500,000
2. Discount of 6 Percent for Timely Filing Reports	$766,150	$1,040,000	$1,207,000	$1,200,000	$1,200,000
Exemptions					
3. Sales to State Institutions	###	###	###	###	###
4. Return of Taxable Product to the Manufacturer	###	###	###	###	###
Total State Revenue Loss	**$8,361,150**	**$8,640,000**	**$7,639,400**	**$7,700,000**	**$7,700,000**
Federally Imposed Tax Exemptions					
5. Sales to Federal Government and its Agencies	###	###	###	###	###
6. Interstate Shipments of Tobacco Products	###	###	###	###	###
Total Revenue Loss from Federally Imposed Exemptions	###	###	###	###	###
Other Exemptions	**$62,113,200**	**$61,590,500**	**$59,031,800**	**$60,000,000**	**$60,000,000**
Total Tobacco Tax Revenue Loss	**$70,474,350**	**$70,230,500**	**$66,671,200**	**$67,700,000**	**$67,700,000**

Footnotes for Petroleum Products Tax
Included in the row labeled other exemptions.

*** = Not in effect   **NRR** = No Reporting Requirement   **Negligible** = less than $10,000

Corporation Franchise Tax

Five-Year Revenue Loss

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Exemptions and Exclusions					
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. Exemption for Events, Activities, or Enterprises Conducted in Domed-Stadium Facilities	NRR	NRR	NRR	NRR	NRR
8. Exemption for Events, Activities, or Enterprises Conducted in Publicly-owned Facilities	NRR	NRR	NRR	NRR	NRR
9. Exemption for Certain Corporations	NRR	NRR	NRR	NRR	NRR
10. Louisiana Community Development Financial Institutions	NRR	NRR	NRR	NRR	NRR
11. Louisiana Infrastructure Bank	NRR	NRR	NRR	NRR	$0
12. Exclusion for Certain Indebtedness of Vehicle, Boat, and Equipment Dealers	NRR	NRR	NRR	NRR	Repealed
13. Computation of Borrowed Capital by Corporations Affected by Hurricane Katrina or Rita	NRR	NRR	NRR	NRR	***
Deductions					
14. Phase-Out of Borrowed Capital in Franchise Tax Base	No data	No data	No data	Unable to anticipate	***
15. Bank-holding Corporations	No data	No data	No data	Unable to anticipate	Unable to anticipate
16. Public-utility Holding Corporations	No data	No data	No data	Unable to anticipate	Unable to anticipate
17. Public Water Utility Companies	No data	No data	No data	Unable to anticipate	Unable to anticipate
18. Members of Controlled Groups that Include a Telephone Corporation	No data	No data	No data	Unable to anticipate	Unable to anticipate
19. Insurance Holding Corporations	***	***	***	***	***
20. Regulated Utility Companies	$0	$0	$0	$0	$0

*** = Not in effect

NRR = No Reporting Requirement

Negligible = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Credits					
21. Donations to Assist Qualified Playgrounds	$0	$0	$0	Unable to anticipate	Unable to anticipate
22. Debt Issuance Costs	$0	Negligible	$0	Unable to anticipate	Unable to anticipate
23. Donations to Public Elementary or Secondary Schools	$0	$0	Negligible	Negligible	Negligible
24. Donations of Materials, Equipment, or Instructors made to Certain Training Providers	$0	$0	$0	Unable to anticipate	Unable to anticipate
25. Employment of the Previously Unemployed	$111,750	$0	$0	Unable to anticipate	Unable to anticipate
26. Purchase of a Qualified Recycling Equipment	$483,009	$222,935	$242,570	$247,000	$252,000
27. Louisiana Basic Skills Training	$0	$0	$0	Unable to anticipate	Unable to anticipate
28. Apprenticeship Tax Credit	***	$85,788	$515,971	$526,000	$537,000
29. Rehabilitation of Historic Structures	$519,344	$552,977	$837,101	$854,000	$871,000
30. Louisiana Capital Investment Tax Credit	$0	$0	$0	Unable to anticipate	Unable to anticipate
31. Louisiana Community Development Financial Institutions Act	$0	$19,914	Negligible	Negligible	Negligible
32. Low-income Housing	$0	$0	$0	$0	$0
33. Inventory Tax/Ad Valorem Tax	See note 1	See note 1	See note 1	See note 1	See note 1
34. Ad Valorem Tax on Natural Gas	See note 1	See note 1	See note 1	See note 1	See note 1
35. Ad Valorem Tax on Offshore Vessels	See note 1	See note 1	See note 1	See note 1	See note 1
36. Ad Valorem Tax Paid by Certain Telephone Companies	See note 1	See note 1	See note 1	See note 1	See note 1
37. Purchases from Prison Industry Enhancement Contractors	See note 1	See note 1	See note 1	See note 1	See note 1
38. Sugarcane Transport Credit	***	***	See note 1	See note 1	See note 1
39. Milk Producers	See note 1	See note 1	See note 1	See note 1	See note 1
40. School Readiness Child Care Provider	***	See note 1	See note 1	See note 1	See note 1
41. School Readiness Business Supported Child Care Credit	***	See note 1	See note 1	See note 1	See note 1
42. School Readiness Fees and Grants to Resource & Referral Agencies Credit	***	See note 1	See note 1	See note 1	See note 1
Total State Revenue Loss	**$1,114,103**	**$881,614**	**$1,595,642**	**$1,627,000**	**$1,660,000**

Footnotes for Corporation Franchise Tax

1. The estimated revenue loss for these credits are shown on the corporation income tax table and includes the total revenue loss for corporation income and franchise taxes.

*** = Not in effect | **NRR** = No Reporting Requirement | **Negligible** = less than $10,000

Liquors - *Alcoholic Beverage Tax*

Five-Year Revenue Loss

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Beer Tax Discount					
1. Discount of 2 Percent	$748,800	$757,900	$730,300	$750,000	$750,000
Beer, Liquor and Wine Tax Refund/Credit					
2. Products Returned to Manufacturer or Destroyed by a Dealer[1]	$163,300	$74,500	$89,500	$100,000	$100,000
Liquor and Wine Tax Exemptions					
3. Antiseptic, Scientific, Religious, and Chemical Uses	NRR	NRR	NRR	NRR	NRR
Liquor and Wine Tax Discount					
4. Discount of 3.33 Percent	$648,000	$657,400	$673,800	$675,000	$675,000
Total State Revenue Loss	**$1,560,100**	**$1,489,800**	**$1,493,600**	**$1,525,000**	**$1,525,000**
Federally imposed Tax Exemptions					
Beer Tax Exemptions					
5. Interstate Shipments	$319,000	$349,500	$459,250	$460,000	$460,000
6. Sales to Federal Government and its Agencies	$149,000	$155,000	$166,400	$170,000	$170,000
7. Sales to Ships Engaged in Interstate or Foreign Commerce	Negligible	Negligible	Negligible	Negligible	Negligible
Liquor and Wine Tax Exemptions					
8. Interstate Shipments of Alcoholic Beverages	$20,250	$23,000	$28,300	$30,000	$30,000
9. Foreign Consul and Foreign Commerce	Negligible	Negligible	Negligible	Negligible	Negligible
10. Sales to the Federal Government and its Agencies	$26,300	$23,000	$22,700	$25,000	$25,000
Total Revenue Loss from Federally Imposed Exemptions	**$514,550**	**$550,500**	**$676,650**	**$685,000**	**$685,000**
Total Liquors-*Alcoholic Beverages Tax Revenue Loss*	**$2,074,650**	**$2,040,300**	**$2,170,250**	**$2,210,000**	**$2,210,000**

Footnotes for Petroleum Products Tax
1. Revised amounts obtained from new reports.

*** = Not in effect

NRR = No Reporting Requirement

Negligible = less than $10,000

Exemptions		FYE 6-08[1]	FYE 6-09[2]	FYE 6-10[3]	FYE 6-11 (projected)	FYE 6-12 (projected)
	Exemptions					
1.	Direct Descendants by Blood or Affinity	$263,000	$147,000	$72,000	$36,000	$18,000
2.	Surviving Spouse	$70,000	$39,000	$19,000	Negligible	Negligible
3.	Collateral Relations; $1,000 Exemption	$41,000	$23,000	$11,000	Negligible	Negligible
4.	Strangers or Nonrelated Persons: $500 Exemption	$6,000	Negligible	Negligible	Negligible	Negligible
5.	Bequests to Charitable, Religious, or Educational Institutions in Louisiana	$67,000	$38,000	$19,000	Negligible	Negligible
6.	Bequests to the State, Incorporated Municipalities, or Political Subdivisions for Exclusive Public Use	$18,000	$10,000	Negligible	Negligible	Negligible
7.	Bequests to Out-of-State Charitable, Religious, or educational institutions	$4,000	Negligible	Negligible	Negligible	Negligible
	Exclusions					
8.	Proceeds of Life Insurance Payable to Named Beneficiaries	$120,000	$67,000	$33,000	$16,500	Negligible
9.	Qualified Retirement or Pension Plans	NRR	NRR	NRR	NRR	NRR
	Total inheritance Tax Revenue Loss	**$589,000**	**$324,000**	**$154,000**	**$52,500**	**$18,000**

Footnotes for Inheritance Tax

1. Based on 55% reduction in collections for FYE 6-30-08. Act 371 of 2007 provides that inheritance tax does not apply to deaths occurring after June 30, 2004.
2. Based on 58% reduction in collections for FYE 6-30-09. Act 371 of 2007 provides that inheritance tax does not apply to deaths occurring after June 30, 2004.
3. Based on 51% reduction in collections for FYE 6-30-10. Act 371 of 2007 provides that inheritance tax does not apply to deaths occurring after June 30, 2004.

*** = Not in effect | **NRR** = No Reporting Requirement | **Negligible** = less than $10,000

Gift Tax

Exemptions		FYE 6-08[1]	FYE 6-09[2]	FYE 6-10[3]	FYE 6-11[4] (projected)	FYE 6-12[4] (projected)
	Exemptions					
1.	Specific Lifetime-Donor Exemption; $30,000	$275,000	$156,000	$17,000	$0	$0
2.	Gifts made to Charitable, Religious, or Educational Institutions Located in Louisiana	$35,000	$20,000	Negligible	$0	$0
3.	Gifts Made to the United States, the State of Louisiana, or any other Political Subdivision or Civic Organization	$3,000	Negligible	Negligible	$0	$0
4.	Gifts to Spouse	$31,000	$17,000	Negligible	$0	$0
	Exclusion					
5.	Annual Exclusion Per Donee	$449,000	$256,000	$28,000	$0	$0
	Total Gift Tax Revenue Loss	**$793,000**	**$449,000**	**$45,000**	**$0**	**$0**

Footnotes for Gift Tax

1. Based on 38% reduction in collections for FYE 6-30-08.
2. Based on 43% reduction in collections for FYE 6-30-09.
3. Based on 89% reduction in collections for FYE 6-30-10.
4. Gifts made after July 1, 2008 are not taxable. Last return is due April 15, 2009.

*** = Not in effect

NRR = No Reporting Requirement

Negligible = less than $10,000

Exemptions	FYE 6-08	FYE 6-09	FYE 6-10	FYE 6-11 (projected)	FYE 6-12 (projected)
Public Utilities and Carriers Taxes					
Inspection and Supervision Fee					
1. Ten-Mile Zone Exclusion	NRR	NRR	NRR	NRR	NRR
2. Power Cost Exclusion	NRR	NRR	NRR	NRR	NRR
Transportation and Communications Tax					
3. Seven-Mile Zone Exclusion	$1,828,000	$2,337,000	$2,212,600	$2,250,000	$2,250,000
Total Public Utilities and Carriers Taxes Revenue Loss	**$1,828,000**	**$2,337,000**	**$2,212,600**	**$2,250,000**	**$2,250,000**
Telecommunication Tax					
4. Deduction of 2 Percent	$26,800	$22,100	$22,500	$23,000	$23,000
Hazardous Waste Disposal Tax					
5. Deduction for Compliance[1]	$21,200	$17,500	$15,500	$20,000	$20,000
Total Miscellaneous Tax Revenue Loss	**$1,876,000**	**$2,376,600**	**$2,250,600**	**$2,293,000**	**$2,293,000**

Footnotes for Corporation Franchise Tax

1. Revised amounts obtained from new reports

*** = Not in effect

NRR = No Reporting Requirement

Negligible = less than $10,000

Listing of Exemptions

Part 4

Corporation Franchise Tax Exemptions

Corporation Franchise Tax

{ 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. 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. Legislation has also been passed to phase-out the franchise tax on borrowed capital. For taxable years beginning after December 31, 2005, the amount of borrowed capital included in taxable capital will be 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
Fiscal Year 2009-2010
There were no significant changes to the franchise tax during the past year.

Corporation Franchise Tax
Index of Exemption

{ EXEMPTIONS/EXCLUSIONS }

{ DEDUCTIONS }

{ CREDITS }

{ Exemptions/Exclusions }

1. Agricultural Cooperative Associations- and 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

Effective Date
July 1, 1938

Beneficiaries
The agricultural industry

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

{ 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are 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.

Legal Citations
R.S. 9:3441-3447, R.S. 12:1301-1369

Origin
Acts 1992, No. 780

Effective Date
July 7, 1992

Beneficiaries
Shareholders of such organizations

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

5. Exemption for Certain Foreign Corporations

Certain 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. The purpose of this exemption is to minimize the tax burden on these corporations.

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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are 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

Effective Date
July 18, 1940

Beneficiaries
Individuals and companies purchasing electricity from electric cooperatives

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

{ Exemptions/Exclusions }

7. Exemption for Events, Activities, or Enterprises Conducted in Domed-Stadium Facilities or Baseball Facilities

Any events, activities, or enterprises conducted in certain domed-stadium facilities with a seating capacity of at least 70,000, or any open baseball site owned and operated by or for the state, with a seating capacity of at least 10,000 and has a professional sports franchise that participates in Class Triple A professional baseball are exempt from all state and local taxes. The purpose of this exemption is to promote use of publicly-owned facilities.

Legal Citation
R.S. 39:467

Origin
Acts 1985, No. 2, amended by Acts 2005, No. 391

Effective Date
May 23, 1985

Beneficiaries
The activities conducted in the qualifying facilities benefit the state and its residents

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

8. Exemption for Events, Activities, or Enterprises, Conducted in Publicly-owned Facilities

Any events, activities, or enterprises conducted in certain publicly-owned facilities are exempt from all state taxes provided that the local taxing authority first provides exemption from local taxes. The purpose of this exemption is to promote the use of qualifying facilities.

Legal Citation
R.S. 39:468

Origin
Acts 1985, No. 2

Effective Date
May 23, 1985

Beneficiaries
The activities conducted in the qualifying facilities benefit the state and its residents

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

9. Exemptions for 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.

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 Citations
R.S. 47:608

Origin
Various legislative acts since 1958

9. Exemptions for Certain Entities *(continued)*

Effective Date
Various dates from 1958

Beneficiaries
Members and shareholders of these exempt organizations

Administration
The purposes of these exemptions are achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

10. 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.

Legal Citations
R.S. 51:3092

Origin
Acts 2005, No. 491

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

{ Exemptions/Exclusions }

11. Louisiana Infrastructure Bank

The Louisiana Infrastructure Bank may make loans to parishes, municipalities, any other political subdivision of the state, or other public entities for use in connection with eligible infrastructure projects. Any bonds, notes, or other evidence of indebtedness issued by the Bank or any infrastructure bank loan entered into under the authority of this Section is exempted from all taxation for state, parish, municipal, or other purposes.

Legal Citation

R.S. 51:3111-3115

Origin

Acts 2007, No. 276

Effective Date

July 6, 2007

Beneficiaries

Corporations receiving loans from the LA Infrastructure Bank

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect

FYE 06/11- We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

FYE 6/12- $0; effective with the 2010 income/2011 franchise tax return, items of borrowed capital are no longer included in the taxable base and no additional revenue loss is anticipated.

12. Exclusion for Certain Indebtness of Vehicle, Boat and Equipment Dealers

An exclusion is provided from the definition of borrowed capital for the amount of master loan agreements entered into by motor vehicle, manufactured homes, recreational vehicles, boat, motorcycle, motor home or farm implement dealers. The loan agreements must be structured in such a way that the financing is secured by a specific identifiable unit, and the loan is repaid as each unit is sold.

Legal Citation

R.S. 47:603(B)

Origin

Acts 2002, No. 38, amended by Acts 2004 1st Ex. Sess., No. 2, Acts 2008, 2nd Ex. Sess., No. 10

Effective Date

June 25, 2002

Repealed

Acts 2008, 2nd Ex. Sess., No. 10, effective for taxable periods beginning on or after January 1, 2011

Beneficiaries

Vehicle, boat and equipment dealers

Administration

The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect

FYE 06/11- We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

FYE 6/12- This exemption has been repealed.

{ Exemptions/Exclusions }

13. Computation of Borrowed Capital by Corporations Affected by Hurricane Katrina or Hurricane Rita

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 can compute the borrowed capital portion of their corporation franchise tax base at pre-hurricane levels.

Legal Citation
R.S. 47:609(A)(2)

Origin
Acts 2005, 1st Ex. Sess., No. 27, amended by Acts 2008, 2nd Ex. Sess., No. 10

Effective Date
Taxable periods beginning after August 28, 2005

Sunset Date
Taxable periods beginning on or after January 1, 2011

Beneficiaries
Corporations affected by Hurricane Katrina or Hurricane Rita

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect
FYE 06/11- We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

FYE 6/12- $0; This exemption is not in effect.

{ Deductions }

14. Phase-Out of Borrowed Capital in Franchise Tax Base

For taxable years beginning after December 31, 2005, the amount of borrowed capital included in taxable capital will be reduced until fully phased out. The portion of debt included in the taxable base for calendar year taxpayers will be:

- 2005 income/2006 franchise tax return–86 percent of total debt included,
- 2006 income/2007 franchise tax return–72 percent of total debt included,
- 2007 income/2008 franchise tax return–58 percent of total debt included,
- 2008 income/2009 franchise tax return–44 percent of total debt included,
- 2009 income/2010 franchise tax return–30 percent of total debt included,
- 2010 income/2011 franchise tax return–no borrowed capital included.

Guidance for the proper classification of related party transactions (debt vs. equity) has been provided for in R.S. 47:605.1.

Legal Citation
R.S. 47:602(A), R.S. 47:602(G), R.S. 47:603(A), R.S. 47:605.1

Origin
Acts 2004 1st Ex. Sess., No. 2, amended by Acts 2008, 2nd Ex. Sess., No. 10

Effective Date
Taxable Years beginning after December 31, 2005

Beneficiaries
Corporations having borrowed capital in the franchise tax base

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect
FYE 06/11- We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

FYE 6/12- $0; This exemption is not in effect.

{ Deductions }

15. 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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

16. 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

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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

17. 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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

18. 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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

19. Insurance Holding Corporations

Any corporation owning at least 80 percent of the capital stock of a subsidiary property and casualty insurance corporation, such subsidiary having capital and surplus of less than $20 million, is entitled to a deduction from taxable capital in computing franchise tax. The holding corporation can deduct from its taxable base an amount equal to its investments in and advances to the subsidiary that were allocated to Louisiana under R.S. 47:606(B).

Legal Citation
R.S. 47:602(F)

Origin
Acts 2002, No. 59

Effective Date
Taxable periods beginning after June 30, 2002

Sunset Date
Taxable periods ending before January 1, 2005

Beneficiaries
Corporations owning at least 80 percent of the capital stock of a subsidiary property and casualty insurance corporation

Administration
The purpose of this deduction is achieved in a fiscally effective manner

Estimated Fiscal Effect
This deduction is no longer in effect.

20. 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, 2nd 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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; no additional revenue loss is anticipated.

{ Credits }

21. Donations to Assist Qualified Playgrounds

A 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 and is limited to $1,000 or one-half the value of the donation, whichever is less. The purpose of this credit is to encourage donations to qualifying playgrounds.

Legal Citation
R.S. 47:6008

Origin
Acts 1992, No. 898

Effective Date
Taxable periods beginning after December 31, 1992

Beneficiaries
Economically depressed areas of the state

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate

22. Credit for Debt Issuance Costs

An economic development corporation is allowed a credit equal to the filing fee paid to the Louisiana Bond Commission for the preparation and issuance of bonds.

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.

Legal Citation
R.S. 47:6017

Origin
Acts 2002, No. 78

Effective Date
June 25, 2002

Beneficiaries
Economic development corporations

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate

{ Credit }

23. Donations to Public Elementary or Secondary Schools

A credit is allowed for qualified donations made to public elementary or secondary schools. The credit allowed is for 40 percent of the appraised value of the donation and not to exceed the taxpayer's total tax liability for the year. "Qualified donation" means a donation of immovable property purchased or otherwise acquired by a corporation and donated to a public school immediately adjacent or contiguous to the property.

Legal Citation
R.S. 47:6013

Origin
Acts 1998, No. 51

Effective date
July 1, 1998

Beneficiaries
Corporations that make such donations and public schools in the state

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Negligible; less than $10,000

24. Donations of Material, Equipment, or Instructors Made to Certain Training Providers

A 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. The credit is for one-half the value of the materials, equipment, or services donated. The tax credit when combined with other tax credits cannot exceed 20 percent of the employer's tax liability for any taxable year.

Legal Citation
R.S. 47:6012

Origin
Acts 1998, No. 30, amended by Acts 2002, No. 11

Effective date
June 24, 1998

Sunset date
December 31, 2000

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

Beneficiaries
Students attending the training facilities

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate

25. Employment of the Previously Unemployed

A tax credit is allowed for employment of each previously unemployed person in a qualified newly created full-time job. The credit, $750 for each qualified new job, 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 employment of the previously unemployed.

Legal Citation
R.S. 47:6004

Origin
Acts 1989, No. 636

Effective Date
Taxable periods beginning on or after July 1, 1990

Beneficiaries
Corporations who hire the previously unemployed benefit from this credit. The state also benefits because these individuals are now employed and productive.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate

26. Purchase of Qualified New Recycling Manufacturing or Process Equipment and/or Service Contracts

A credit is allowed for the purchase of new recycling manufacturing or process equipment and/or qualified service contracts. 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. 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. Total credits certified by the secretary of the Department of Environment Quality in any calendar year shall not exceed five million dollars.

Legal Citation
R.S. 47:6005

Origin
Acts 1991, Nos. 359 and 1052, amended by Acts 2005, No. 319

Effective Date
Reestablished June 30, 2005

Beneficiaries
Corporations who invest in qualifying equipment and the general public

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$247,000	$252,000

{ Credit }

27. Louisiana Basic-Skills Training

Corporations are allowed a 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. 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.

Legal Citation
R.S. 47:6009

Origin
Acts 1992, No. 1098, amended by Acts 1997, No. 658

Effective Date
July 1, 1993

Beneficiaries
Individuals benefit from this credit by enabling them to bring their reading, writing, and mathematical skills to at least a twelfth-grade level. A better educated employee will be an asset to employers and the state.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate

28. Apprenticeship Tax Credit

A 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

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

Sunset Date
Taxable periods ending before January 1, 2011

However, taxpayers have ten years to utilize the credit.

Beneficiaries
Employers of eligible apprentices

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$526,000	$537,000

{ Credit }

29. Credit for Rehabilitation of Historic Structures

A tax 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 product district. The credit shall not exceed 25 percent of the eligible costs and expenses and no taxpayer or affiliate shall receive more than $5,000,000 of credit for rehabilitation within a particular downtown development or a cultural product 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

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

Sunset Date
Taxable periods ending before January 1, 2012

However, taxpayers have five years to utilize the credit.

Beneficiaries
Individuals or businesses rehabilitating a qualified historic structure

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$854,000	$871,000

30. Louisiana Capital Investment Tax Credit

Corporations are allowed a tax credit amount 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 1st 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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate

{ Credit }

31. Louisiana Community Development Financial Institutions Act Credit

A tax credit is allowed for businesses that invest in a Louisiana Community Development Financial Institution (LCDFI). 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. The investment credit is to be calculated as 75 percent of the investment. These credits are transferable and can be carried forward indefinitely. The total amount that can reduce tax revenues in fiscal years 2007 through 2009 is $5 million. Any unused allocation of credits from a previous year may be carried forward and granted in the next year.

Legal Citation
R.S. 51:3085

Origin
Acts 2005, No. 491, amended by Acts 2007, No. 345

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
The LCDFI and low-income communities

Estimated Fiscal Effect
Negligible; less than $10,000

32. Low-income Housing

A tax 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 Acts 1990, No. 972. The purpose of this credit is to encourage development of low-income housing.

Legal Citation
R.S. 47:12

Origin
Acts 1990, No. 1033

Effective Date
July 1, 1990

Sunset Date
December 31, 1993

However unused credits can be carried forward until used.

Beneficiaries
Entities and individuals who provide low-income housing and recipients of low-income housing

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; this credit has been inactive. No further activity is anticipated.

{ Credit }

33. Inventory Tax/Ad Valorem Tax

A refundable tax credit is allowed for ad valorem taxes paid to political subdivisions on inventory held by manufactures, distributors, and retailers. The credit is equal to 100 percent of the ad valorem tax paid.

Acts 2007, No. 357 enacted R.S. 47:6028 to allow taxpayers with gross receipts of $500,000 or less and did not previously claim the credit for 1999 through 2002 to file amended returns to claim these overpayments by December 31, 2007.

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

Effective Date
July 1, 1992

Related Provision
R.S. 47:6028

Beneficiaries
All corporations paying ad valorem taxes on inventory

Administration
The purpose of this credit is achieved in a fiscally effective manner.

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.

34. Ad Valorem Tax on Natural Gas

A refundable credit is allowed for 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.

Legal Citation
R.S. 47:6006

Origin
Acts 2005, No. 363

Effective Date
August 15, 2005

Beneficiaries
All corporations paying ad valorem taxes on natural gas held, used, or consumed in providing natural gas storage services

Administration
The purpose of this credit is achieved in a fiscally effective manner.

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.

{ Credit }

35. Ad Valorem Tax Credit for 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. 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

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

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.

36. Credit for 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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

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.

{ Credit }

37. Credit for Purchases from Prison Industry Enhancement Contractors

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. 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.

Legal Citation
R.S. 47:6018

Origin
Acts 2002, No. 32, amended by Acts 2007, No. 466

Effective Date
Reestablished for tax years beginning after January 1, 2007

Beneficiaries
Private Sector Prison Industry Enhancement Contractor

Administration
The purpose of this credit is achieved in a fiscally effective manner.

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.

38. Sugarcane Transport Credit

A 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.

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

Beneficiaries
Owners of vehicles hauling sugarcane

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Credit }

39. Milk Producers Tax Credit

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 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 and Hospitals 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 and Hospitals will not be entitled to the credits. 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.

Legal Citation
R.S. 47:6032

Origin
Acts 2007, No. 461

Effective Date
January 1, 2007

Beneficiaries
Resident taxpayers engaged in the business of producing milk for sale

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

40. School Readiness Child Care Provider Credit

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, the new, voluntary, quality rating system by the Department of Social Services (DSS) 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 the DSS or who are foster children in the custody of DSS 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
Children attending child care facilities participating in Quality Start

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Credit }

41. School Readiness Business Supported Child Care Credit

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, the new, voluntary, quality rating system by the Department of Social Services 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
Children attending child care facilities participating in Quality Start

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

42. School Readiness Fees and Grants to Resource and Referral Agencies Credit

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, the new, voluntary, quality rating system by the Department of Social Services 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 Social Services 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
Children attending child care facilities participating in Quality Start

Administration
The purpose of this exemption is achieved in a fiscally effective manner

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.

Gift Tax Exemption

Gift Tax

{ introduction }

The Louisiana gift tax law was enacted in 1940 to complement the inheritance tax law. With minor exceptions, it was patterned after the federal gift tax law.

The gift tax is imposed on donations between living persons, real or disguised, and transfers for an inadequate consideration in money's worth. It is irrelevant whether the transfer is in trust or otherwise, or whether the property is movable or immovable, corporeal, or incorporeal.

Acts 2007, No. 371 repealed gift tax for gifts made on or after July 1, 2008.

Legal Citations

R.S. 47:1201 through 47:1212

Tax Base

The tax base consists of the true and full value of property transferred by gift (donations between living persons) based on the interest conveyed at the date of transfer. The tax base also includes the value of property transferred with donative intent for an amount less than adequate consideration in money or money's worth based on its true and full value at the date of transfer.

Tax Rate

The tax rates are two percent of the first $15,000 total sum of gifts in excess of the annual exclusion and specific lifetime exemption and three percent of any excess over $15,000.

Types of Tax Exemptions

Gift tax exemptions are in the form of exclusions and exemptions. Exclusions are the portion of the true and actual value of a gift that is excluded from the tax base by statute. Exemptions are the true and actual value of gifts included in the tax base, but specifically exempted from the tax imposed.

Significant Changes

Fiscal Year 2009-2010

There were no significant changes to the gift tax during the past year.

Gift Tax
Index of Exemption

{ EXEMPTIONS }

{ EXCLUSION }

Gift Tax

{ Exemptions }

1. Specific Lifetime Exemption

This exemption allows donors to exempt up to $30,000 during their lifetime in computing the amount of any gift subject to tax. A donor may claim the total, or any portion of the specific lifetime exemption in any calendar year, or spread it over several calendar years. The purpose of this exemption is to provide the donor with a $30,000 exemption to cover gifts that exceed the annual exclusion for each donee.

Legal Citation
R.S. 47:1205(B)

Origin
Acts 1972, No. 569

Effective Date
July 12, 1972

Repealed
Acts 2007, No. 371, effective for gifts made on or after July 1, 2008

Beneficiaries
Persons transferring property

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; no future activity is anticipated.

2. Gifts Made to Charitable, Religious, or Educational Institutions Located in Louisiana

This exemption allows gifts made exclusively to charitable, religious, or educational institutions located within Louisiana to be exempt from and excluded from the tax base, provided no part of the net earnings benefits any private shareholder or individual. The purpose of this exemption is to exempt donative transfers made to charitable, religious, or educational institutions located in Louisiana from the gift tax.

Legal Citation
R.S. 47:1204(1)

Origin
Acts 1940, No. 149

Effective Date
July 12, 1940

Repealed
Acts 2007, No. 371, effective for gifts made on or after July 1, 2008

Beneficiaries
Charitable, religious, or educational institutions located within Louisiana receiving gifts

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; no future activity is anticipated.

{ Exemptions }

3. Gifts Made to the United States, the State of Louisiana, or its Political Subdivisions or Civic Organizations

This exemption allows the gifts made to the United States, the State of Louisiana, or any political subdivision thereof, or civic organization to be exempted and excluded from the tax base, provided the donor does not benefit directly or indirectly from the gift. The purpose of this exemption is to exempt donative transfers made to the United States, the State of Louisiana, or any political subdivision thereof, or any civic organization from the payment of gift tax.

Legal Citation
R.S. 47:1204(2)

Origin
Acts 1940, No. 149

Effective Date
July 12, 1940

Repealed
Acts 2007, No. 371, effective for gifts made on or after July 1, 2008

Beneficiaries
The U.S. Government, State of Louisiana, any political subdivision thereof, or civic organization receiving a gift

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; no future activity is anticipated.

4. Gifts to Spouse

This exemption allows gifts made to a spouse to be exempted and excluded from the tax base. The purpose of this exemption is to provide a total exemption for gifts made to a spouse.

Legal Citation
R.S. 47:1204(3)

Origin
Acts 1987, No 236

Effective Date
July 2, 1987

Repealed
Acts 2007, No. 371, effective for gifts made on or after July 1, 2008

Beneficiaries
Persons receiving gifts from their spouses

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; no future activity is anticipated.

{ Exclusion }

5. Annual Exclusion Per Donee

This exclusion allows an amount per donee to be excluded annually in computing the amount of gifts made to each donee in any calendar year. From 1972 through 1985, the annual exclusion was $3,000 per donee; from 1986 through 2001, the annual exclusion was $10,000 per donee. Beginning with gifts made after December 31, 2001, the amount of the annual exclusion per donee is equal to the amount allowed for federal gift tax purposes. The purpose of this exclusion is to exclude the initial amount of gifts made to a donee.

Legal Citation
R.S. 47:1205(A)

Origin
Acts 2002, No. 15

Effective Date
August 15, 2002

Repealed
Acts 2007, No. 371, effective for gifts made on or after July 1, 2008

Beneficiaries
Donors and donees of gifts during any one calendar year

Administration
The purpose of the exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; no future activity is anticipated.

Hazardous Waste Disposal Tax Exemption

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, tax exemptions are in the form of a deduction. The deduction, for this purpose, is a specific reduction to the amount of tax due.

Significant Changes
Fiscal Year 2009-2010
There were no significant changes in the hazardous waste disposal tax laws during the past year.

Hazardous Waste Disposal Tax

Index of Exemption

{ DEDUCTION }

{ Deduction }

1. Deduction for Compliance

A deduction of 0.5 percent is allowed for the accurate and timely accounting for and remitting of the taxes due. The purpose of this deduction 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
Those parties responsible for collecting and remitting the taxes and the state

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$20,000	$20,000

Corporation Income Tax Exemptions

Corporation Income Tax

{ 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.

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. Louisiana allows a deduction for federal income tax in computing taxable income.

Domestic corporations organized under the laws of Louisiana, unless specifically exempted, must file an income tax return each year. Foreign corporations, 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 must be filed on or before the fifteenth day of the fourth 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
Fiscal Year 2009-2010
Acts 2010, No. 214 changes the due date of a nonprofit organization's corporation income tax return to June 15th for calendar year filers, and the 15th day of the sixth month following the close of a fiscal year for fiscal year filers. Effective for all taxable periods beginning on or after January 1, 2009.

Acts 2010, No. 960 authorizes the secretary of revenue to require electronic filing of certain returns when electronic filing of a similar return or report is required by the Internal Revenue Service.

Corporation Income Tax

Index of Exemption

Corporation Income Tax

{ 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

2. Exemption for Certain Foreign Corporations

Certain 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 non-trading corporations are exempt from state corporation income tax. The purpose of this exemption is to grant financial assistance to qualifying corporations.

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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

4. Exemption for Events, Activities, or Enterprises Conducted in Domed-Stadium or Certain Baseball Facilities

Any event, activity, or enterprise conducted in certain domed-stadium facilities with a seating capacity of at least 70,000, or any open baseball site owned and operated by or for the state, with a seating capacity of at least 10,000 and has a professional sports franchise that participates in Class Triple A professional baseball is exempt from all state and local taxes. The purpose of this exemption is to promote use of publicly-owned facilities.

Legal Citation
R.S. 39:467

Origin
Acts 1985, No. 2, amended by Acts 2005, No. 391

Effective Date
May 23, 1985

Beneficiaries
The increased use of the dome-stadium facilities benefits the state and its residents

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

5. Exemption for Events, Activities, or Enterprises Conducted in Publicly-Owned Facilities

Any event, activity, or enterprise conducted in certain publicly-owned facilities is exempt from all state taxes provided that the local taxing authority first provides exemption from local taxes. The purpose of this exemption is to promote use of qualifying facilities.

Legal Citation
R.S. 39:468

Origin
Acts 1985, No. 2

Effective Date
May 23, 1985

Beneficiaries
The increased use of publicly-owned facilities benefits the state and its residents.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

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

Origin
Acts 1966, No. 445

Effective Date
July 1, 1966

Related Provision
R.S. 12:302(K) and (L) and R.S. 47:121(2)

Beneficiaries
State chartered banks and their shareholders

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

{ Exemptions/Exclusions }

7. 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 Citations
R.S. 47:42, R.S. 47:287.71(B)

Origin
Acts 1934, No. 21

Effective Date
1934

Beneficiaries
Individual and corporate shareholders of national banking corporations

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

8. Interest on State or Local Government Obligations

Interest earned on state or local obligations 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

Effective Date
1934

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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

9. 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.

9. 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)(l), R.S. 47:287.521(A)

Origin

Acts 1934, Nos. 21 and 28, amended by Acts 1986, No. 16

9. Certain Exempt Entities (continued)

Effective Date
1934

Beneficiaries
Members and shareholders of these exempt corporations

Administration
The purpose of these exemptions are achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

10. 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.

Legal Citations
R.S. 51:3092

Origin
Acts 2005, No. 491

Effective Date
July 12, 2005

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

11. 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.

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

Origin
Acts 1979, No. 300

Effective Date
Taxable periods beginning on or after January 1, 1979

Beneficiaries
Certain public-service corporations

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; this exclusion has been inactive. No future activity is anticipated.

12. Income from Carriage on the High Seas

Income derived from commerce on the high seas is excluded from gross income. At the time this exclusion was passed in 1942, Louisiana taxed domestic corporations on income from all sources. Since the law was changed to tax only income derived from sources within the state, the apportionment method should theoretically achieve the same result. The purpose of this exclusion is to tax only income derived from Louisiana sources.

Legal Citation
R.S. 47:53

Origin
Acts 1942, No. 100

Effective Date
1942

Beneficiaries
Originally, this exclusion benefited domestic corporations deriving income from engaging in commerce on the high seas. Theoretically, this income is now apportioned outside Louisiana.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; no future activity is anticipated.

{ Exemptions/Exclusions }

13. Subchapter S Corporation

Corporations classified as S corporations under Subchapter S of the Internal Revenue Code may exclude a percentage of their Louisiana net income to arrive at taxable income. The 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 taxable year by the total number of issued and outstanding shares of capital stock of the corporation on the last day of the corporation's taxable year. The purpose of this exclusion is to limit taxation on Subchapter S corporations to either the corporate or shareholder level.

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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$480,776,248	$490,391,773

{ Deductions }

14. Percentage Depletion

An additional deduction in determining net income is allowed for oil and gas depletion. The deduction is based on a percentage of gross income from the property limited to 50 percent of the net income from the property calculated without the deduction for depletion. The purpose of this deduction is to promote oil and gas exploration and production.

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

Origin
Acts 1934, No. 21

Effective Date
1934

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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$18,000,000	$18,000,000

{ Deductions }

15. Net Louisiana Operating Loss

Corporations are allowed to carry a net operating loss deduction back for 3 years and forward for 15 years. The purpose of this deduction is to allow corporations to offset losses made in one tax year with income earned in another.

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

Origin
Acts 1979, No. 586

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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$288,060,041	$293,821,242

16. Deduction for I.R.C. Section 280(C) Wage Expense

A deduction is allowed for wage expenses that are disallowed under I.R.C. Section 280(C) For federal purposes, taxpayers can not claim certain wage credits and deduct the wages associated with those credits. I.R.C. Section 280(C) states that if a taxpayer claims certain wage credits, the taxpayer must reduce its deduction for wage or salary expenses paid by the amount allowable as the credit. This deduction allows the taxpayer to reduce their federal adjusted gross income by the amount of the deduction that was disallowed for their salary or wage expenses for federal income tax purposes.

Legal Citations
R.S. 47:287.73(C)

Origin
Acts 1986, 1st Ex. Sess., No. 16

Effective Date
December 24, 1986

Beneficiaries
Individuals who are business owners who claim wage credits on their federal returns

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

{ Deductions }

17. Deduction for 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.

Legal Citations
R.S. 47:287.738(F)

Origin
Acts 2005, No. 401

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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

18. Deduction for 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 and the Louisiana Family Recovery Corps and is retroactive.

Legal Citations
R.S. 287.738(G)

Origin
Acts 2007, No. 247

Effective Date
July 6, 2007 but is retroactive

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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

19. Insurance Company Premium Tax

A 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. 22:1068 and R.S. 22:1382 against the premium tax liability has reduced the impact of the premium tax credit.

Legal Citation
R.S. 47:227

Origin
Acts 1934, Nos. 21 and 61

Effective Date
1934

Beneficiaries
Insurance companies that pay premium taxes

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$199,764,340	$203,759,627

20. Bone Marrow Donor Expense

A credit is allowed for bone-marrow donor expenses incurred by employers. The credit is for 25 percent of the expenses paid or incurred during the tax year by an employer to provide a program for employees who are potential or actual bone-marrow donors. The purpose of this credit is to encourage bone-marrow donations.

Legal Citation
R.S. 47:287.758

Origin
Acts 1992, No. 206

Effective Date
August 21, 1992

Provision for Other Taxes
R.S. 47: 297(I)

Beneficiaries
Individuals who need bone-marrow transplants

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate

{ Credits }

21. Employment of Certain First-time Nonviolent Offenders

A credit of $200 per employee per year for a maximum of two years is allowed for employing certain first-time nonviolent offenders. 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.

Legal Citations
R.S. 47:287.752

Origin
Acts 1994, No. 104, amended by Acts 2005, No. 285

Effective Date
Taxable periods beginning on or after January 1, 1994

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Negligible, less than $10,000

22. Donations to Assist Qualified Playgrounds

A credit is allowed for donations to assist qualified playgrounds in certain economically depressed areas. The credit shall be an amount equal to the lesser of $1,000 or 1/2 of the value of the donation. The purpose of this credit is to encourage donations to qualified playgrounds.

Legal Citation
R.S. 47:6008

Origin
Acts 1992, No. 898

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.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate

{ Credits }

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

A credit is allowed 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. 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. The purpose of this credit is to encourage donations of qualifying equipment to educational institutions.

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

Origin
Acts 1983, No. 667

Effective Date
January 1, 1984

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Negligible	Negligible

24. Employee and Dependent Health Insurance Coverage Credit

A 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. 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 $3,000,000 per year. The credit is allowed against the income tax for the period in which the credit is earned.

Legal Citation
R.S. 47:287.759

Origin
Acts 2005, No. 504

Effective Date
For tax years beginning on and after January 1, 2005

Sunset Date
December 31, 2007

Beneficiaries
Qualified contractors or subcontractors offering health insurance coverage

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Not in effect	Not in effect

25. Donations to Public Elementary or Secondary Schools

A credit is allowed for qualified donations made to public elementary or secondary schools. The credit allowed is for 40 percent of the appraised value of the donation and not to exceed the taxpayer's total tax liability for the year. "Qualified donation" means a donation of immovable property purchased or otherwise acquired by a corporation and donated to a public school immediately adjacent or contiguous to the property.

Legal Citation
R.S. 47:6013

Origin
Acts 1998, No. 51

Effective date
July 1, 1998

Beneficiaries
Corporations that make donations and public schools in the state

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Negligible; less than $10,000

26. Credit for Debt Issuance Costs

An economic development corporation is allowed a credit equal to the filing fee paid to the Louisiana Bond Commission for the preparation and issuance of bonds.

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.

Legal Citation
R.S. 47:6017

Origin
Acts 2002, No. 78

Effective Date
June 25, 2002

Beneficiaries
Economic development corporations

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate

{ Credits }

27. Donations of property to certain offices and agencies

A 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

Effective Date
August 1, 1996

Sunset Date
June 30, 2000

However unused credits can be carried forward until used.

Beneficiaries
Corporations that make donations

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; no additional revenue loss is anticipated.

28. Donations of Material, Equipment, or Instructors Made to Certain Training Providers

A 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. The credit is for one-half the value of the materials, equipment, or services donated. The tax credit when combined with other tax credits cannot exceed 20 percent of the employer's tax liability for any taxable year.

Legal Citation
R.S. 47:6012

Origin
Acts 1998, No. 30, amended by Acts 2002, No. 11.

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate

{ Credits }

29. Vehicle Alternate Fuel Usage

A credit is allowed for vehicle conversion to certain alternative-fuel usage or for the purchase of vehicles that use certain alternative fuels. The amount of the credit is 20 percent of the cost of qualified clean-burning motor vehicle fuel property. If the vehicle is purchased with the equipment installed by the manufacturer, the tax credit is the lesser of 20 percent of 10 percent of the cost of the motor vehicle or $1,500. The purpose of this credit is to encourage the usage of alternative fuels, which will result in a cleaner environment.

Legal Citation
R.S. 47:287.757, R.S. 47:38

Origin
Acts 1991, No. 1060

Effective Date
January 1, 1991

Repealed
Acts 2009, No. 469, effective July 9, 2009. However, taxpayers have three years to utilize the credit.

Beneficiaries
The general public benefits from this credit as the result of a cleaner environment.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-10	**FYE 6-11**
Not in effect	Not in effect

30. Employment of the Previously Unemployed

A credit is allowed for employment of each previously unemployed person in a qualified newly created full-time job. The credit is $750 for each qualified new job and employee 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 unemployed.

Legal Citation
R.S. 47:6004

Origin
Acts 1989, No. 636

Effective Date
Taxable periods beginning on or after July 1,1990

Beneficiaries
Corporations that hire the previously unemployed in a newly created full-time job benefit from this credit. The state as a whole benefits because these individuals are now employed and productive.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate

31. Purchase of Qualified New Recycling Manufacturing or Process Equipment and/or Service Contracts

A credit is allowed for the purchase of new recycling manufacturing or process equipment and/or qualified service contracts. 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. 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. Total credits certified by the secretary of the Department of Environment Quality in any calendar year shall not exceed five million dollars.

Legal Citation
R.S. 47:6005

Origin
Acts 1991, Nos. 359 and 1052, amended by Acts 2005, No. 319

Effective Date
Reestablished June 30, 2005

Beneficiaries
Corporations who invest in qualifying equipment benefit from this credit. The general public also benefits from an improved environment.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-10	**FYE 6-11**
$38,513	$39,283

32. Louisiana Basic-skills Training

Corporations are allowed a 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. 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 work force.

Legal Citation
R.S. 47:6009

Origin
Acts 1992, No. 1098

Effective Date
July 1, 1993

Beneficiaries
Individuals benefit from this credit by enabling them to bring their reading, writing, and mathematical skills to at least a 12-grade level. A better educated employee will be an asset to employers and the state.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Negligible; less than $10,000

{ Credits }

33. Apprenticeship Tax Credit

A 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

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

Sunset Date
December 31, 2010

However, taxpayers have ten years to utilize the credit.

Beneficiaries
Employers of eligible apprentices

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$216,536	$220,867

34. Cash Donations to the Dedicated Research Investment Fund

A 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

Beneficiaries
Qualifying research institutions

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Negligible; less than $10,000

{ Credits }

35. New Jobs Credit

A 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. The purpose of this credit is to encourage corporations to create new jobs in Louisiana.

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

Origin
Acts 1978, No. 596, amended by Acts 1986, No.16

Effective Date
1978

Beneficiaries
Corporations creating new jobs

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$638,565	$651,336

36. 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 an income tax credit subject to certain limitations. The purpose of this credit is to accurately reflect the utility company's gross income.

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

Origin
Acts 1960, Nos. 1 and 210

Effective Date
1960

Beneficiaries
Utility companies making refunds under these circumstances

Administration
The purpose of this credit is achieved in a fiscally effective manner.

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.

{ Credits }

37. Hiring Eligible Re-entrants

A credit is allowed for hiring re-entrants who have been convicted of a felony and who have successfully completed the Intensive Incarceration Program. The purpose of this credit is to provide job opportunities to qualified individuals.

Legal Citation
R.S. 47:287.748

Origin
Acts 1987, No. 758

Effective Date
Taxable periods beginning after December 31, 1986

Beneficiaries
Individuals employed as a result of this tax credit

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-10	**FYE 6-11**
Negligible	Negligible

38. Neighborhood Assistance

A credit is allowed to businesses that provide neighborhood assistance, job training for individuals, community service, or crime prevention to upgrade impoverished areas. 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. 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.

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

Origin
Acts 1982, No. 653

Effective Date
July 22, 1982

Beneficiaries
Residents of impoverished areas of the state

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$13,978	$14,258

39. Credit for Rehabilitation of Historic Structures

A tax 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 product district. Eligible structures must be nonresidential real property or residential rental property. The credit shall not exceed 25 percent of the eligible costs and expenses and no taxpayer or affiliate shall receive more than $5,000,000 of credit for any number of structures rehabilitated within a particular downtown development or a cultural product 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

Effective Date
July 1, 2002 and taxable periods beginning January 1, 2008 for a cultural product district.

Sunset Date
December 31, 2011

However, taxpayers have five years to utilize the credit.

Beneficiaries
Individuals or businesses rehabilitating a qualified historic structure

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,617,290	$1,649,636

40. Louisiana Community Development Financial Institutions Act Credit

This provision creates the Louisiana Community Development Financial Institutions Act. 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 and provides for an income and franchise tax credit for individuals and businesses that invest in LCDFIs. The investment credit is to be calculated as 75 percent of the investment. These credits are transferable and can be carried forward indefinitely. The total amount that can reduce tax revenues in fiscal years 2007 through 2009 is $5 million. Any unused allocation of credits from a previous year may be carried forward and granted in the next year.

Legal Citation
R.S. 51:3081 through 3094

Origin
Acts 2005, No. 491 , amended by Acts 2007, No. 345

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, and the LCDFI will benefit from the tax credits allowed under this provision and low-income communities will benefit from the creation of jobs and economic activity.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Unable to anticipate	Unable to anticipate

{ Credits }

41. Low-income housing

A 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 tenants in the housing

Administration
The purpose of this credit is achieved in a fiscally effective manner, as taxpayers can carry over credits to succeeding years until used.

Estimated Fiscal Effect
$0; this credit has been inactive. No future activity is anticipated.

42. Inventory Tax/Ad Valorem Tax

A refundable tax credit is allowed for ad valorem taxes paid to political subdivisions on inventory held by manufactures, distributors, and retailers. The credit is equal to 100 percent of the ad valorem tax paid.

Acts 2007, No. 357 enacted R.S. 47:6028 to allow taxpayers with gross receipts of $500,000 or less and did not previously claim the credit for 1999 through 2002 to file amended returns to claim these overpayments by December 31, 2007.

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

Effective Date
July 1, 1992

Related Provision
R.S. 47:6028

Beneficiaries
All corporations paying ad valorem taxes on inventory

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$316,267,746	$322,593,101

43. Ad Valorem Tax on Natural Gas

A credit is allowed for 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.

Legal Citation
R.S. 47:6006

Origin
Acts 2005, No. 363

Effective Date
August 15, 2005

Beneficiaries
All corporations paying ad valorem taxes on natural gas held, used, or consumed in providing natural gas storage services

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$3,714,689	$3,788,983

44. Ad Valorem Tax Credit for Offshore Vessels

A 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. The credit is equal to 100 percent of the taxes paid.

Acts 2007, No. 357 enacted R.S. 47:6028 to allow taxpayers with gross receipts of $500,000 or less and did not previously claim the credit for 1999 through 2002 to file amended returns to claim these overpayments by December 31, 2007.

Legal Citation
R.S. 47:6006.1

Origin
Acts 1994, 3rd Ex. Sess., No. 59, amended by Acts 2002, No. 11

Effective Date
July 7, 1994

Related Provision
R.S. 47:6028

Beneficiaries
All corporations paying ad valorem taxes on vessels operating in Outer Continental Shelf Lands Act Waters

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$18,860,085	$19,237,287

{ Credits }

45. Credit for Ad Valorem Tax Paid by Certain Telephone Companies

A 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 in an amount equal to 40 percent of ad valorem taxes paid to political subdivisions for public service properties

Administration

The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$23,772,261	$24,247,706

46. Credit for Purchases from Prison Industry Enhancement Contractors

A tax 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. 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.

Legal Citation

R.S. 47:6018

Origin

Acts 2002, No. 32, amended by Acts 2007, No. 466

Effective Date

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

Beneficiaries

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

Administration

The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Impact

Negligible; less than $10,000

{ Credits }

47. Credit for the LA Citizens Property Insurance Corporation Assessments

A credit is allowed in 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 insurance premium. For assessments paid on or after January 1, 2007, a corporation can claim the credit after payment is made on a form provided by the secretary instead of on their Louisiana corporation income tax return.

Legal Citation
R.S. 47:6025

Origin
Acts 2006, 2nd Ex. Sess., No. 4 , amended by Acts 2007, No. 382

Effective Date
Taxable periods beginning on or after January 1, 2006

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Impact
The estimated fiscal impact of this credit is shown in the listing of exemptions for individual income tax and includes the total revenue loss for individual income tax and corporation income tax.

Estimated Fiscal Effect	
FYE 6-11	FYE 6-12
$4,161,953	$4,245,192

48. Sugarcane Transport Credit

A 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

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

Beneficiaries
Owners of vehicles hauling sugarcane

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	FYE 6-12
$111,465	$113,694

49. Wind and Solar Energy System Credit

A credit is allowed for the cost of purchase and installation of a wind energy system or solar energy system, or both, by a taxpayer at their residence located in Louisiana, by a taxpayer who owns a residential rental apartment project, or by a taxpayer who purchases and installs such a system in a residence or a residential rental apartment project which is located in Louisiana. The credit may be claimed if a resident individual purchases a new home with a system installed, a system is purchased and installed at an existing home, or a system is installed at a new or existing apartment project. The credit is for 50 percent of the first $25,000 of the cost of a system purchased and installed on or after January 1, 2008. 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 credit must be disclosed when property is sold.

Legal Citation
R.S. 47:6030

Origin
Acts 2007, No. 371, as amended by Acts 2009, No. 467

Effective Date
January 1, 2008

Beneficiaries
Taxpayers installing wind or solar energy systems on their property

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$78,030	$79,591

50. Milk Producers Tax Credit

A 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 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 and Hospitals 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 and Hospitals will not be entitled to the credits. 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.

Legal Citation
R.S. 47:6032

Origin
Acts 2007, No. 461

Effective Date
January 1, 2007

Beneficiaries
Resident taxpayers engaged in the business of producing milk for sale

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$229,500	$234,090

{ Credits }

51. Conversion of Vehicles to Alternative Fuel

A credit is allowed for 50 percent of the cost of the qualified clean burning motor vehicle fuel property for the taxable period in which the property is purchased and installed. If the taxpayer 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, provided the motor vehicle is registered in Louisiana. Effective July 9, 2009 for amounts paid by the taxpayer on or after January 1, 2009. The purpose of this credit is to provide an incentive to persons or corporations to invest in qualified clean-burning motor vehicle fuel property.

The purpose of the credit is to provide an incentive to persons or corporations to invest in qualified clean burning motor vehicle fuel property.

Legal Citation
R.S. 47:6035

Origin
Acts 2009, No. 469

Effective Date
January 1, 2009

Beneficiaries
Owners purchasing qualified clean burning motor vehicle fuel property

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$34,923	$35,621

52. School Readiness Child Care Provider Credit

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, the new, voluntary, quality rating system by the Department of Social Services (DSS) 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 credit based on the average monthly number of children who either participate in the Child Care Assistance Program administered by the DSS or who are foster children in the custody of DSS 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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 individual income, corporation income and franchise taxes.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,534,335	$1,565,022

53. School Readiness Business Supported Child Care Credit

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, the new, voluntary, quality rating system by the Department of Social Services 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 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$160,854	$164,071

54. School Readiness Fees and Grants to Resource and Referral Agencies Credit

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, the new, voluntary, quality rating system by the Department of Social Services 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 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 Social Services 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$71,400	$72,828

{ Exemption Required by the State Constitution }

55. 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
1974

Beneficiaries
All corporate taxpayers that paid federal income tax.

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$180,871,294	$184,488,720

Individual Income Tax Exemption

Individual Income Tax

{ 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.

The income tax brackets have been revised for all taxable periods beginning after December 31, 2002, with the passing of the amendment of La. Const. art. VII, §4(A) and passing of La. Const. art. VII, §2.2. Legislation was passed in 2008 to return the four percent and six percent brackets to those provided for before the enactment of the Stelly Plan for tax years beginning after December 31, 2008.

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
Married couple filing joint return or qualifying widow:	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
Single, Head of Household, or married filing separately	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

Type 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.

Individual Income Tax

{ Introduction }

Significant Changes
Fiscal Year 2009 - 2010

Acts 2010, 217 creates an individual income tax return checkoff to allow individuals to donate a portion of any refund due, or to make other donations to the Louisiana Chapter of the National Multiple Sclerosis Society. Effective for taxable years beginning on or after January 1, 2010.

Acts 2010, No 503 authorizes the Secretary of Revenue to require the electronic filing of any return or report that a professional athletic team or professional athlete is required to file with the Department of Revenue for the administration of the Sports Facility Assistance Fund. Effective for all taxable periods beginning after December 31, 2009.

Acts 2010, No. 960 authorizes the secretary of revenue to require electronic filing of certain returns when electronic filing of a similar return or report is required by the Internal Revenue Service. Effective: July 6, 2010.

Individual Income Tax

Index of Exemption

{ EXEMPTIONS/EXCLUSIONS }

{ DEDUCTIONS }

{ CREDITS }

{ 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

Origin
Acts 1934, No. 21

Effective Date
1934

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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

2. Exemption for 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

{ Exemptions/Exclusions }

3. Annual Retirement Income Exclusion

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

Administration
The purpose of this exemption/exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$15,074,000	$15,375,000

4. Disability Income Exclusion

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 retardation, 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$4,047,000	$4,128,000

Note: this amount includes the total revenue loss for S Bank income exclusion and deduction for adaptive home improvements for disabled individuals. (See number 7 and 8, individual income tax section).

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

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	State Police Pension and Retirement System
R.S. 11:1397	Pensions for Confederate Veterans and Widows of Confederate Veterans
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. 11:1905	Employees' Retirement System of Jefferson Parish
R.S. 11:3014	City of Alexandria Employees' Retirement System
R.S. 11:3051	City of Bogalusa 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. 11:3140	Firemen's Pension and Relief Fund for the Consolidated Fire Districts Bastrop
R. S. 11: 3161	Firemen's Pension and Relief for Baton Rouge
R. S. 11:3171	Firemen's Pension and Relief Fund for Bogalusa (Some retirees may still get a check from this fund. Active firemen have merged with the Firefighthers' Retirement System.)
R.S. 11:3389	Firefighters' Pension and Relief Fund of New Orleans
R.S. 11:3513	Policemen's Pension and Relief Fund for City of Monroe
R.S. 11:3566	Policemen's Pension and Relief Fund for Alexandria
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. 11:3770	Bus Drivers' Pension and Relief Fund of the City of Monroe
R.S. 11:3800	Electrical Workers' Pension and Relief Fund of the City of Monroe

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

R.S. 11:3823 Employees' Retirement System of the Sewage and Water Board of the City of New Orleans
R.S. 17:1613 LSU Retirement System
R.S. 47:44.2 Railroad Retirement System Benefits
R.S. 47:44.2 Social Security Retirement Benefits
R.S. 47:52 Disability Pay to World War II Veterans
U.S.C.A. 45:231(m) Railroad Retirement Supplemental

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 Bogalusa
R.S. 11:3205 Bossier City
R.S. 11:3229 Houma
R.S. 11:3258 Kenner
R.S. 11:3294 Lafayette
R.S. 11:3321 Lake Charles
R.S. 11:3345 Monroe
R.S. 11:3408 Ouachita
R.S. 11:3440 Shreveport
R.S. 11:3470 West Monroe

Origin
Various legislation since 1946

Effective Date
1946 and subsequent years

Beneficiaries
Retirees of various public retirement systems and individuals receiving social security benefits or railroad retirement payments

Administration
The purpose of the exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$130,380,000	$132,988,000

6. Federal Retirement Benefits Exclusion

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 Citation
R.S. 47:44.2

Origin
Acts 1989, No. 812

Effective Date
1988

Beneficiaries
Individuals receiving federal retirement income, both military and nonmilitary

Administration
The purpose of the exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$26,362,000	$26,889,000

{ Exemptions/Exclusions }

7. Military Pay Exclusion

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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$4,854,000	$4,951,000

8. S Bank Income Exclusions

An S Bank shareholder may exclude an amount equal to the S Bank shareholder's nontaxable income from Louisiana tax table income. S Bank non-taxable 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 Citation
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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 4, individual income tax section.

{ Deductions }

9. Deduction for Adaptive Home Improvements for Disabled Individuals

Individuals with a disability, as described by R.S. 51:2232(11), 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 Citations
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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 4, individual income tax section.

10. 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, 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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$30,888,000	$31,506,000

11. Deduction for 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 Citations
R.S. 47:293

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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$12,000	$12,000

12. Excess Federal Itemized Deductions

For taxable periods beginning before December 31, 2002, taxpayers were allowed to deduct a portion of the federal itemized deductions that were in excess of the federal standard deduction. The purpose of this deduction was to shelter a portion of a taxpayer’s income from state income tax.

The deduction for excess federal itemized deductions was repealed for tax years 2003 through 2006. The deduction was reinstated in 2007 but was phased in over three years. In 2007, a deduction for 57.5 percent of “excess itemized deductions” is allowed. In 2008, the allowable percentage is 65 percent. For tax years 2009 and forward the deduction is for 100 percent of excess itemized deductions.

Legal Citation
R.S. 47:293

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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$322,834,000	$329,291,000

{ Deductions }

13. Deduction for 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 and the Louisiana Family Recovery Corps and is retroactive.

Legal Citations
R.S. 47:293

Origin
Acts 2007, No. 247

Effective Date
July 6, 2007 but is retroactive

Beneficiaries
Taxpayers who have received hurricane recovery benefits that was included on their federal income tax return.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$346,000	$353,000

14. Deduction for Recreation Volunteer

A $500 is allowed for deduction 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 Citations
R.S. 47:293

Origin
Acts 2007, No. 458

Effective Date
January 1, 2007

Beneficiaries
Communities where individual volunteer with the recreation departments

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$20,000	$20,000

{ Deductions }

15. Deduction for 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 on the personnel roster for the State Fire Marshal's Volunteer Fireman's Insurance Program.

Legal Citations
R.S. 47:293

Origin
Acts 2007, No. 458

Effective Date
January 1, 2007

Beneficiaries
Communities with volunteer firefighters

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$50,000	$51,000

16. Deduction for 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) is 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 saving account

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,391,000	$1,419,000

{ Deductions }

17. Deduction for I.R.C. Section 280(C) Wage Expense

A deduction is allowed for wage expenses that are disallowed under I.R.C. Section 280(C). For federal purposes, taxpayers can not claim certain wage credits and deduct the wages associated with those credits. I.R.C. Section 280(C) states that if a taxpayer claims certain wage credits, the taxpayer must reduce its deduction for wage or salary expenses paid by the amount allowable as the credit. This deduction allows the taxpayer to reduce their federal adjusted gross income by the amount of the deduction that was disallowed for their salary or wage expenses for federal income tax purposes.

Legal Citations
R.S. 47:293

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 wage credits on their federal returns.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$7,216,000	$7,360,000

18. Deduction for 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 Citations
R.S. 47:293

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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$0	$0

{ Deductions }

19. Deduction for 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.

Legal Citation
R.S. 47:293

Origin
Acts 2009, No. 457

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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,000,000	$1,000,000

20. 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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$246,566,000	$251,497,000

* 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.

{ Deductions }

21. Deduction for 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 4, individual income tax section.

22. Elementary & Secondary School Tuition Deduction

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. The deduction is equal to 50 percent of the tuition and fees per dependent, 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, No. 460 and 451

Effective date
March 24, 2008

Beneficiaries
Taxpayers with dependents attending a nonpublic elementary or secondary school

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$9,600,000	$9,762,000

{ Deductions }

23. Educational Expenses for Home-Schooled Children Deduction

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, No. 460 and 451

Effective date
March 24, 2008

Beneficiaries
Taxpayers who are home-schooling their dependents

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$130,000	$133,000

24. Deduction for 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, No. 460 and 451

Effective date
March 24, 2008

Beneficiaries
Taxpayers who are home-schooling their dependents

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,341,000	$1,368,000

25. Net Income Taxes Paid to other States

A credit is allowed for taxes paid to other states. 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.

Legal Citation
R.S. 47:33

Origin
Acts 1946, No. 203

Effective date
1946

Beneficiaries
Louisiana resident individuals who derive taxable income from other states

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$77,185,000	$78,729,000

26. Contribution of Tangible Personal Property of a Sophisticated & Technological Nature to Educational Institutions

A credit is allowed for contributions of tangible personal property of a sophisticated and technological nature to educational institutions. 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. 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.

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

Origin
Acts 1983, No. 667

Effective Date
January 1, 1984

Beneficiaries
Educational institutions, students, teachers, the state as a whole, donors who make a contribution of equipment

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$981,000	$1,001,000

{ Credits }

27. Certain Disabilities

A credit of $100 is allowed for taxpayers, spouses, or dependents who are blind, deaf, mentally incapacitated, or have lost the use of a limb. The purpose of this credit is to reduce the tax burden for persons with certain disabilities.

Legal Citation
R.S. 47:297(A)

Origin
Acts 1980, No. 316

Effective Date
Taxable periods beginning after December 31, 1979

Beneficiaries
Individual taxpayers with certain disabilities

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$3,300,000	$3,366,000

28. Special Allowable Credits

A credit is allowed for ten percent of the amount 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
- redit 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 was limited to $25. The purpose of this credit is to allow some of the federal credits to also be applied against the state tax liability.

Legal Citation
R.S. 47:297(B)

Origin
Acts 1980, No. 316

Effective Date
Taxable periods beginning after December 31, 1979

Beneficiaries
Individual taxpayers who are entitled to certain federal credits

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,795,000	$1,831,000

29. Education

A credit of $25 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 purpose of this credit is to assist taxpayers with education expenses.

The credit was suspended by Act 38 of the 2000 legislative session for the taxable years beginning after December 31, 1999, and before January 1, 2002. Acts 2002, No. 25 suspended the credit for tax years beginning on or after January 1, 2000, and prior to January 1, 2006.

Legal Citation
R.S. 47:297(D)

Origin
Acts 1980, No. 316, amended by Acts 2000, No. 38, and Acts 2002, No. 25

Effective Date
Taxable periods beginning after December 31, 1979. Suspended for taxable periods January 1, 2000, through December 31, 2005

Beneficiaries
Individual taxpayers with school age dependent children

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$17,644,000	$17,997,000

30. Credit for 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:

Federal Adjusted Gross Income	*Percent of Federal Credit*
$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

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$15,034,000	$15,335,000

{ Credits }

31. Gasoline & Special Fuels Taxes for Commercial Fisherman

A 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. 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.

Legal Citation
R.S. 47:297(C)

Origin
Act 1993, No. 164

Effective Date
For taxable years beginning after December 31, 1992

Beneficiaries
Licensed commercial fishermen

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$122,000	$124,000

32. Family Responsibility

A 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 and Human Resources. The credit is limited to $200 per year. The purpose of this credit is to encourage individuals to donate money to the Family Responsibility Program.

Legal Citations
R.S. 47:297(F) and R.S. 46:449

Origin
Acts 1983, No. 672

Effective Date
Taxable periods beginning after December 31, 1982

Beneficiaries
Persons receiving intermediate or skilled nursing care in the state with insufficient income and resources to meet the costs of the care

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$145,000	$148,000

{ Credits }

33. Small-town Doctors/Dentist

A 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. The purpose of this credit is to encourage doctors and dentists to locate in small towns.

Legal Citation
R.S. 47:297(H)

Origin
Acts 1991, No. 1059

Effective Date
January 1, 1991

Beneficiaries
Doctors and dentist who locate in small towns and the hospitals, residents, and patients of that area

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,339,000	$1,366,000

34. Bone Marrow Donor Expenses

A credit is allowed for bone-marrow donor expenses incurred by an employer. The amount of the credit is 25 percent of certain expenses paid or incurred during the tax year by an employer to provide a program for employees who are potential or who actually become bone-marrow donors. The purpose of this credit is to encourage bone-marrow donation.

Legal Citation
R.S. 47:297(I)

Origin
Acts 1992, No. 206

Effective Date
August 21, 1992

Provision for Other Taxes
R.S. 47:287.758

Beneficiaries
Individuals who may need a bone-marrow transplant

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Negligible	Negligible

35. Educational Expenses Incurred for Degree Related to Law Enforcement

A credit is allowed 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.

Legal Citation
R.S. 47:297(J)

Origin
Acts 1994, No. 23

Effective Date
Taxable periods beginning on or after January 1, 1995

Beneficiaries
Employees and law enforcement officers pursuing such a degree

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$141,000	$144,000

36. Employment of Certain First-time Drug Offenders

A credit of $200 per employee per year for a maximum of two years is allowed for employing certain first-time drug offenders. The offender must have successfully completed a court-ordered drug treatment rehabilitation program, be less than 25 years old at the time of initial employment, and have worked 180 full days. The purpose of this credit is to encourage employment to first-time drug offenders who complete a drug rehabilitation program.

Legal Citations
R.S. 47:297(K)

Origin
Acts 1994, No. 104

Effective Date
Taxable periods beginning on or after January 1, 1994

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$11,000	$11,000

37. Purchase of Bulletproof Vest

A credit for the purchase of bulletproof vest by qualified law enforcement officers and certain employees of the Department of Public Safety and Corrections is allowed. The credit allowed is for the purchase price of the vest or $100, whichever is less. Only one credit is allowed for the five-year period beginning with the purchase of the vest.

Legal Citation
R.S. 47:297(L)

Origin
Acts 1998, No. 20

Effective date
Taxable periods beginning after December 31, 1997

Beneficiaries
Law enforcement officers and certain employees of the Department of Public Safety and Corrections benefit from this credit

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$18,000	$18,000

38. Employment of Certain First-time Nonviolent Offenders

A credit of $200 per employee per year for a maximum of two years is allowed for employing certain first time nonviolent offenders. 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.

Legal Citation
R.S. 47:297(O)

Origin
Acts 2005, No. 285

Effective Date
Taxable periods beginning on or after January 1, 2005

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.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$12,000	$12,000

{ Credits }

39. Donations to Assist Qualified Playgrounds

A credit is allowed for donations to assist qualified playgrounds in certain economically depressed areas. The credit shall be an amount equal to the lesser of $1,000 or 1/2 of the value of the donation. The purpose of this credit is to encourage donations to qualified playgrounds.

Legal Citation
R.S. 47:6008

Origin
Acts 1992, No. 898

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.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$71,000	$72,000

40. Credit for Debt Issuance Costs

An economic development corporation is allowed a credit equal to the filing fee paid to the Louisiana Bond Commission for the preparation and issuance of bonds.

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.

Legal Citation
R.S. 47:6017

Origin
Acts 2002, No. 78

Effective Date
June 25, 2002

Beneficiaries
Economic development corporations

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$34,000	$35,000

41. Donations of Property to Certain Offices and Agencies

A 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 property with historical value. This serves to preserve such property for future generations.

Legal Citation
R. S. 47:6011

Origin
Acts 1996, No. 10

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; this credit has been inactive. No future activity is anticipated.

42. Donations of Material, Equipment, or Instructors Made to Certain Training Providers

A 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. The credit is for one-half the value of the materials, equipment, or services donated. The tax credit when combined with other tax credits cannot exceed 20 percent of the employer's tax liability for any taxable year.

Legal Citation
R.S. 47:6012

Origin
Acts 1998, No. 30, amended by Acts 2002, No.11

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$319,000	$325,000

43. Long-Term Care Insurance Premiums Credit

An individual who purchases a federally qualifying long-term care insurance policy is allowed a tax credit for 10 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 7702(B)(6) of the Internal Revenue Code of 1986.

Legal Citation
R.S. 47:297(M)

Origin
Acts 2002, No. 54

Effective Date
The credit becomes effective if and when the legislature enacts a special fund to finance the credit.

Beneficiaries
Individuals who purchase a federally qualifying long-term care insurance policy

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The legislature has not created the fund to finance the credit.

44. Living Organ Donation Credit

A credit is allowed for expenses paid 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.

Legal Citation
R.S. 47:297(N)

Origin
Acts 2005, No. 277

Effective Date
July 1, 2005, applicable to tax years beginning on or after January 1, 2005

Beneficiaries
Taxpayers making a living organ donation

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$37,000	$38,000

45. Employment-related Expense for Maintaining Household for Certain Disabled Dependents

A 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

Effective Date
Taxable periods beginning after December 31, 1996

Beneficiaries
Families with disabled dependents benefit from this credit.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$518,000	$528,000

46. Vehicle Alternative Fuel Usage

A credit is allowed for converting vehicles to certain alternative fuel usage or for the purchase of vehicles that use certain alternative fuels. The amount of the credit is 20 percent of the cost of qualified clean-burning motor vehicle fuel property. If the vehicle is purchased with the property installed by the manufacturer, then the tax credit is the lesser of 20 percent of 10 percent of the cost of the motor vehicle or $1,500. The purpose of this credit is to encourage the use of alternative fuels.

Legal Citation
R.S. 47:38

Origin
Acts 1991, No. 1060

Effective Date
January 1, 1991

Repealed
Acts 2009, No. 469, effective July 9, 2009. However, taxpayers have three years to utilize the credit.

Beneficiaries
The general public benefits from this credit as the result of a cleaner environment.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$18,000	$18,000

{ Credits }

47. Employment of the Previously Unemployed

A credit is allowed for employment of each previously unemployed person in a qualified newly created full-time job. The credit is $750 for each qualified new job and employee 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 unemployed.

Legal Citation
R.S. 47:6004

Origin
Acts 1989, No. 636

Effective Date
Taxable periods beginning on or after July 1, 1990

Beneficiaries
Corporations that hire the previously unemployed in a newly created full-time job and the state as a whole benefits because these individuals are now employed and productive.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$368,000	$375,000

48. Purchase of a Qualified Recycling Manufacturing or Process Equipment and/or Service Contracts

A credit is allowed for the purchase of new recycling manufacturing or process equipment and/or qualified service contracts. 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. 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. Total credits certified by the secretary of the Department of Environment Quality in any calendar year shall not exceed five million dollars.

Legal Citation
R.S. 47:6005

Origin
Acts 1991, Nos. 359 and 1052, amended by Acts 2005, No. 319

Effective Date
Reestablished June 30, 2005

Beneficiaries
Individuals who invest in qualifying equipment benefit from this credit. The general public also benefits from an improved environment.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$226,000	$231,000

{ Credits }

49. Louisiana Basic-skills Training

Corporations are allowed a 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. Basic-skills training means any employer-paid training for qualified employees that enhances the employees' reading, writing, or mathematical skills to at least a 12-grade level. The purpose of this credit is to encourage corporations to provide basic-skills training, which will result in a more educated work force.

Legal Citation
R.S. 47:6009

Origin
Acts 1992, No. 1098

Effective Date
July 1, 1993

Beneficiaries
Individuals benefit from this credit by enabling them to bring their reading, writing, and mathematical skills to at least a twelfth-grade level. A better educated employee will be an asset to employers and the state.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$47,000	$48,000

50. Apprenticeship Tax Credit

A 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

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

Sunset Date
December 31, 2010

However, taxpayers have ten years to utilize the credit.

Beneficiaries
Employers of eligible apprentices

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$181,000	$185,000

51. Cash Donations to the Dedicated Research Investment Fund

A 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

Beneficiaries
Qualifying research institutions

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Negligible	Negligible

52. Credit for Rehabilitation of Historic Structures

A tax 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 product district. Eligible structures must be nonresidential real property or residential rental property. The credit shall not exceed 25 percent of the eligible costs and expenses and no taxpayer or affiliate shall receive more than $5,000,000 of credit for any number of structures rehabilitated within a particular downtown development or a cultural product 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

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

Sunset Date
December 31, 2011

However, taxpayers have ten years to utilize the credit.

Beneficiaries
Individuals or businesses rehabilitating a qualified historic structure

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$26,575,000	$27,107,000

{ Credits }

53. Louisiana Community Development Financial Institutions Act Credit

This provision creates the Louisiana Community Development Financial Institutions Act. 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 and provides for an income and franchise tax credit for individuals and businesses that invest in LCDFIs. The investment credit is to be calculated as 75 percent of the investment. These credits are transferable and can be carried forward indefinitely. The total amount that can reduce tax revenues in fiscal years 2007 through 2009 is $5 million. Any unused allocation of credits from a previous year may be carried forward and granted in the next year.

Legal Citation
R.S. 51:3081 through 3094

Origin
Acts 2005, No. 491, amended by Acts 2007, No. 345

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, and the LCDFI will benefit from the tax credits allowed under this provision and low-income communities will benefit from the creation of jobs and economic activity.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$6,875,000	$7,013,000

54. Low-income Housing

A 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 ensure the availability of low-income housing.

Legal Citation
R.S. 47:12

Origin
Acts 1990, No. 1033

Effective Date
July 1, 1990

Sunset Date
December 31, 1993.

However unused credits can be carried forward until used.

Beneficiaries
Individuals who invest in low-income housing and tenants of low-income housing

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; this credit has been inactive. No future activity is anticipated.

55. Rehabilitation of an Owner Occupied Residential or Mixed-use Property

This provision provides a 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. The credit is limited to $25,000 per structure and the percent of expenses allowed for the credit varies by income level. Taxpayers whose adjusted gross income exceeds $100,000 are only eligible for the credit for the rehabilitation of vacant and blighted property. The tax credit shall be divided in 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. Total credits granted cannot exceed $1,000,000 in any calendar year and cannot exceed $10,000,000 starting in 2008.

Legal Citations
R.S. 47:297.6

Origin
Acts 2005, No. 479, amended by Acts 2007, No. 188 and 298

Effective Date
January 1, 2006

Sunset Date
December 31, 2012

Beneficiaries
Individual rehabilitating qualified property

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$437,000	$446,000

56. Property Insurance

A 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 Citations
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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Not in effect	Not in effect

{ Credits }

57. Earned Income Tax Credit

A 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 Citations
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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$46,318,000	$47,244,000

58. Credit for Amounts Paid by Certain Military Servicemembers for Obtaining Louisiana Hunting & Fishing Licenses

A 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. 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.

Legal Citations
R.S. 47:297.9

Origin
Acts 2007, No. 306

Effective Date
July 1, 2007

Beneficiaries
Military personnel obtaining Louisiana hunting and fishing licenses.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$112,000	$114,000

{ Credits }

59. Inventory Tax/Ad Valorem Tax

A refundable tax credit is allowed for ad valorem taxes paid to political subdivisions on inventory held by manufactures, distributors, and retailers. The credit is equal to 100 percent of the ad valorem tax paid.

Acts 2007, No. 357 enacted R.S. 47:6028 to allow taxpayers with gross receipts of $500,000 or less and did not previously claim the credit for 1999 through 2002 to file amended returns to claim these overpayments by December 31, 2007.

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

Effective date
July 1, 1992

Beneficiaries
All corporations paying ad valorem taxes on inventory benefit from this credit, which will help to promote economic development.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$10,097,000	$10,299,000

60. Ad Valorem Tax on Natural Gas

A credit is allowed for 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.

Legal Citation
R.S. 47:6006

Origin
Acts 2005, No. 363

Effective date
August 15, 2005

Beneficiaries
All corporations paying ad valorem taxes on natural gas held, used, or consumed in providing natural gas storage services

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$187,000	$191,000

{ Credits }

61. Ad Valorem Tax Credit for Offshore Vessels

A 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. The credit is equal to 100 percent of the taxes paid.

Acts 2007, No. 357 enacted R.S. 47:6028 to allow taxpayers with gross receipts of $500,000 or less and did not previously claim the credit for 1999 through 2002 to file amended returns to claim these overpayments by December 31, 2007.

Legal Citation
R.S. 47:6006.1

Origin
Acts 1994, 3rd Ex. Sess., No. 59, amended by Acts 2002, No. 11

Effective date
July 7, 1994

Related Provision
R.S. 47:6028

Beneficiaries
All corporations paying ad valorem taxes on vessels operating in Outer Continental Shelf Lands Act Waters

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$11,532,000	$11,763,000

62. Ad Valorem Tax Paid by Certain Telephone Companies

A 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.

Statutory Citation
R.S. 47:6014

Origin
Acts 2000, No. 22

Effective Date
Tax years ending on or after December 31, 2001

Beneficiaries
Telephone companies in an amount equal to 40 percent of ad valorem taxes paid to political subdivisions for public service properties

Administration
The purpose of the credit is achieved in a fiscally effective manner.

Estimated Effect
Unable to anticipate

{ Credits }

63. Credit for Purchases from Prison Industry Enhancement Contractors

A tax 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. 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.

Legal Citation
R.S. 47:6018

Origin
Acts 2002, No. 32, amended by Acts 2007, No. 466

Effective Date
Tax becoming due after December 31, 2002

Beneficiaries
Private Sector Prison Industry Enhancement contractor and individuals who purchase from them

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Effect
Unable to anticipate

64. Credit for the LA Citizens Property Insurance Corporation Assessments

A refundable credit will be allowed in 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 assessments paid on or after January 1, 2007, an individual taxpayer can claim the credit after payment is made on a form provided by the secretary instead of on their Louisiana individual income tax return.

Legal Citation
R.S. 47:6025

Origin
Acts 2006, 2nd Ex. Sess., No. 4, amended by Acts 2007, No. 382

Effective Date
Taxable periods beginning on or after January 1, 2006

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$47,710,000	$48,664,000

65. Sugarcane Transport Credit

A 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.

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

Beneficiaries
Owners of vehicles hauling sugarcane

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$90,000	$92,000

66. Wind and Solar Energy System Credit

A credit is allowed for the cost of purchase and installation of a wind energy system or solar energy system, or both, a taxpayer at their residence located in Louisiana, by a taxpayer who owns a residential rental apartment project, or by a taxpayer who purchases and installs such a system in a residence or a residential rental apartment project which is located in Louisiana. The credit may be claimed if a resident individual purchases a new home with a system installed, a system is purchased and installed at an existing home, or a system is installed at a new or existing apartment project. The credit is for 50 percent of the first $25,000 of the cost of a system purchased and installed on or after January 1, 2008. 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 credit must be disclosed when property is sold.

Legal Citation
R.S. 47:6030

Origin
Acts 2007, No. 371, amended by Acts 2009, No. 467

Effective Date
January 1, 2008

Beneficiaries
Taxpayers installing wind or solar energy systems on their property

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$7,753,000	$7,908,000

{ Credits }

67. Milk Producers Tax Credit

A 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 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 and Hospitals 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 and Hospitals will not be entitled to the credits. 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.

Legal Citation
R.S. 47:6032

Origin
Acts 2007, No. 461

Effective Date
January 1, 2007

Beneficiaries
Resident taxpayers engaged in the business of producing milk for sale.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,693,000	$1,727,000

68. Conversion of Vehicles to Alternative Fuel

A credit is allowed for 50 percent of the cost of the qualified clean burning motor vehicle fuel property for the taxable period in which the property is purchased and installed. If the taxpayer 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, provided the motor vehicle is registered in Louisiana. Effective July 9, 2009 for amounts paid by the taxpayer on or after January 1, 2009. The purpose of this credit is to provide an incentive to persons or corporations to invest in qualified clean-burning motor vehicle fuel property.

The purpose of the credit is to provide an incentive to persons or corporations to invest in qualified clean burning motor vehicle fuel property.

Legal Citation
R.S. 47:6035

Origin
Acts 2009, No. 469

Effective Date
January 1, 2009

Beneficiaries
Owners purchasing qualified clean burning motor vehicle fuel property

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$519,000	$529,000

{ Credits }

69. School Readiness Child Care Credit

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, the new, voluntary, quality rating system by the Department of Social Services 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 Social Services. 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,443,000	$1,472,000

70. School Readiness Child Care Provider Credit

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, the new, voluntary, quality rating system by the Department of Social Services (DSS) 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 credit based on the average monthly number of children who either participate in the Child Care Assistance Program administered by the DSS or who are foster children in the custody of DSS 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,340,000	$1,367,000

{ Credits }

71. School Readiness Child Care Directors and Staff Credit

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, the new, voluntary, quality rating system by the Department of Social Services 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 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.

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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	FYE 6-12
$3,215,000	$3,279,000

72. School Readiness Business Supported Child Care Credit

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, the new, voluntary, quality rating system by the Department of Social Services 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 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	FYE 6-12
$26,000	$27,000

{ Credits }

73. School Readiness Fees and Grants to Resource and Referral Agencies Credit.

The School Readiness Tax Credits are a comprehensive effort to support Quality Start, the new, voluntary, quality rating system by the Department of Social Services 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 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 Social Services 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$254,000	$259,000

{ Exemption Required by the State Constitution or Federal Law }

74. 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
1974

Beneficiaries
All individual taxpayers who file a tax return and have paid federal income tax.

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$709,452,000	$723,641,000

{ Exemption Required by the State Constitution or Federal Law }

75. 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

Administration

The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$3,711,000	$3,785,000

76. 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 exempted 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

Administration

The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$287,000	$293,000

Inheritance Tax Exemptions

Inheritance Tax

{ Introduction }

Louisiana became the second state to adopt a death duty in 1828 when Act 95 was enacted imposing an inheritance tax. Acts 1921, No. 127, authorized by the 1921 Louisiana Constitution (now Article 7, Section 1, of the 1974 Constitution) provides for graduated, classified or progressive taxes on inheritances, legacies, and gifts made in contemplation of death subject to certain limits and exemptions. Exemptions are provided for under R.S.47:2402 and exclusions are found under R.S.47:2404(C).

The Department of Revenue assumed responsibility for the administration and collection of the tax on January 1, 1974. Prior to that time, inheritance taxes were administered and collected locally. In each parish, except Orleans, the Sheriff was designated as the ex-officio inheritance tax collector for the State and an attorney was appointed to assist him. In Orleans Parish, the Clerk of Court was the inheritance tax collector.

Acts 1982, No. 874 provided for an annual increase in the value of the inheritance, legacy, donation, or gift made in contemplation of death that would be exempt from taxation when made to direct descendants by blood or affinity, ascendants, or surviving spouse. By 1987, the value to be excluded from taxation for direct descendants by blood or affinity, ascendants or surviving spouse was $25,000. Act 874 also provided that occurring during calendar year 1992 and thereafter, the total amount or value of the inheritance, legacy, donation or gift in contemplation of death to a surviving spouse was exempt from taxation.

Acts 1997, No. 818 provided for the phase out of the inheritance tax over seven years.

Acts 2007, No. 371 provided that no inheritance tax shall apply to deaths occurring after June 30, 2004. Act 371 further provided that all persons who paid inheritance taxes based upon a death which occurred after June 30, 2004 may claim a refund of those taxes between August 1, 2008 and December 31, 2009.

Acts 2008, No. 822, effective January 1, 2008, provides that inheritance taxes shall prescribe in three years from December 31st of the year in which the taxes become due. Inheritance taxes owed for deaths occurring before July 1, 2004, for which an inheritance tax return has not been filed before January 1, 2008, shall be due on January 1, 2008. Act 822 also repeals the inheritance tax law, La. R.S. 47:2401 through La. R.S. 47:2426, effective January 1, 2010.

Legal Citations
R.S. 47:2401 through 47:2425

Tax Base
The tax base for Louisiana inheritance tax consists of all property of every nature and kind included or embraced in every inheritance, legacy, or donation or gift made in contemplation of death. With regard to residents, the tax base includes all immovable property located within Louisiana and all movable property, tangible or intangible, wherever situated. With regard to nonresidents, the tax base includes immovable property located within Louisiana and only tangible movable property domiciled in Louisiana.

Tax Rates
The tax rates are graduated and progressive based upon the relationship of heirs and legatees to the decedent. The classifications of heirs and legatees and the respective tax rates are as follows:

- Direct descendants by blood or affinity, ascendants, or surviving spouse—2 percent of the actual value of the first $20,000 taxable, plus 3 percent of the actual value in excess of $20,000
- Collaterals (including brothers or sisters by affinity and their descendants)—5 percent of the actual value on the first $20,000 taxable, plus 7 percent of the actual value in excess of $20,000
- Strangers or nonrelated persons—5 percent of the actual value of the first $5,000 taxable, plus 10 percent of the actual value in excess of $5,000

Types of Tax Exemptions
The Louisiana inheritance tax law provides for tax exemptions under R.S. 47:2402 and exclusions under R.S. 47:2404(C). Exemptions are those amounts or values of an inheritance, legacy, donation, or gift made in contemplation of death that would be included in the tax base, but have been specifically exempted from the tax. Exclusions are items of property that have been excluded from the tax base.

Inheritance Tax

{ Introduction }

Significant Changes
Fiscal Year 2009-2010
There were no significant changes to the inheritance tax during the past year.

Inheritance Tax
Index of Exemption

{ EXEMPTIONS }

{ EXCLUSIONS }

{ Exemptions }

1. Direct descendants by blood or affinity, ascendants, or surviving spouses (prior to 1992) of decedent

This exemption allows descendants by blood or affinity, ascendants, or surviving spouses (for death's prior to 1992) of a decedent to inherit an initial amount tax exempt. Based upon the time of death, the exemption is as follows:

Deaths in Calendar Year	
1983 and prior years	$5,000 each
1984	$10,000 each
1985	$15,000 each
1986	$20,000 each
1987 and thereafter	$25,000 each

The purpose of this exemption is to exempt the initial amount inherited.

Legal Citation
R.S. 47:2402(1)

Origin
Acts 1982, No. 874

Effective Date
January 1, 1984

Repealed
Acts 2008, No. 822, effective January 1, 2010

Beneficiaries
Direct descendants by blood or affinity, ascendants, and surviving spouses of decedents

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$36,000	$18,000

2. Surviving Spouse

This exemption allows the surviving spouse of a decedent who dies in 1992 or thereafter to inherit an unlimited amount tax free. Although the exemption was passed in 1987, it did not become effective until 1992. The purpose of this exemption is to provide a total exemption for the property inherited by the surviving spouse of the deceased.

Legal Citation
R.S. 47:2402(1)(e)

Origin
Acts 1987, No. 236

Effective Date
January 1, 1992

Repealed
Acts 2008, No. 822, effective January 1, 2010

Beneficiaries
Surviving spouses of decedents

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Negligible	Negligible

{ Exemptions }

3. Collateral Relations; $1,000 Exemption

This exemption allows collateral relations (i.e. brothers or sisters) of a descendant (including brothers-in-law or sisters-in-law and their descendants) to inherit up to $1,000 tax free. The purpose of this exemption is to exempt the first $1,000 inherited by collateral relations.

Legal Citation
R.S. 47:2402(2)

Origin
Acts 1921 Ex. Sess., No. 127

Effective Date
November 19, 1921

Repealed
Acts 2008, No. 822, effective January 1, 2010

Beneficiaries
Collateral relations of decedents

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Negligible	Negligible

4. Strangers or Nonrelated Persons; $500 Exemption

This exemption allows persons and certain entities not related to a decedent to inherit up to $500 tax free. The purpose of this exemption is to exempt the first $500 inherited by strangers or nonrelated persons.

Legal Citation
R.S. 47:2402(3)

Origin
Acts 1921 Ex. Sess., No. 127

Effective Date
November 19, 1921

Repealed
Acts 2008, No. 822, effective January 1, 2010

Beneficiaries
Any nonrelated legatees of a decedent

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Negligible	Negligible

{ Exemptions }

5. Bequests to Charitable, Religious, or Educational Institutions in Louisiana

This exemption allows legacies and donations to charitable, religious, and educational institutions located in Louisiana to be exempt from inheritance tax. The purpose of this exemption is to exempt all bequests to charitable, religious, or educational institutions located in Louisiana.

Legal Citation
R.S. 47:2402(4)

Origin
Acts 1921 Ex. Sess., No. 127

Effective Date
November 19, 1921

Repealed
Acts 2008, No. 822, effective January 1, 2010

Beneficiaries
Any charitable, religious, or educational institutions that are legatees of a decedent

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Negligible	Negligible

6. Bequests to the State, Incorporated Municipalities, or Political Subdivisions for Exclusive Public Use

This exemption allows legacies and donations to the state of Louisiana, incorporated municipalities, or political subdivisions to be exempt from tax. The purpose of this exemption is to exempt all bequests, for exclusive public use, to the state of Louisiana, incorporated municipalities, or any political subdivision thereof.

Legal Citation
R.S. 47:2402(5)

Origin
Acts 1972, No. 543

Effective Date
July 12, 1972

Repealed
Acts 2008, No. 822, effective January 1, 2010

Beneficiaries
The state of Louisiana, any incorporated municipality, or other political subdivision named as a legatee of a decedent

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Negligible	Negligible

{ Exemptions }

7. Bequests to Out-of-State Charitable, Religious, or Educational Institutions

This exemption allows charitable, religious, or educational institutions located in other states or territories of the United States to receive unlimited legacies and donations tax free provided reciprocity exists between the State of Louisiana and the other state or territory. The purpose of this exemption is to exempt all bequests to qualifying institutions located outside of Louisiana if the state or territory where the institution is located has a reciprocal provision applicable to Louisiana bequests.

Legal Citation
R.S. 47:2402(6)

Origin
Acts 1974, No. 190

Effective Date
July 12, 1974

Repealed
Acts 2008, No. 822, effective January 1, 2010

Beneficiaries
Any charitable, religious, or educational institution located in other states or territories of the United States named as legatees of a decedent

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Negligible	Negligible

{ Exclusions }

8. Proceeds of Life Insurance Paid to Named Beneficiaries

This exclusion allows the proceeds of life insurance payable to a named beneficiary, other than the estate of a decedent, to be excluded from the tax base. The purpose of the exclusion is to exempt the total proceeds of life insurance policies made payable to a named beneficiary.

Legal Citation
R.S. 47:2404(C)

Origin
Acts 1968, No. 352

Effective Date
July 18, 1968

Repealed
Acts 2008, No. 822, effective January 1, 2010

Beneficiaries
Persons, other than the estate, receiving the proceeds of life insurance

Administration
The purpose of the exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$16,500	Negligible

{ Exclusions }

9. Qualified Retirement or Pension Plans

This exclusion allows the proceeds of a retirement or pension plan payable to a named beneficiary, other than the estate of the decedent, to be excluded from the tax base, provided the plan is qualified under Sections 401 or 408 of the Internal Revenue Code. The purpose of the exclusion is to exempt bona fide pension plans.

Legal Citation
R.S. 47:2404(C)

Origin
Acts 1968 No. 352, amended by Acts 1992, No. 171

Effective Date
July 18, 1968

Repealed
Acts 2008, No. 822, effective January 1, 2010

Beneficiaries
Persons, other than the estate, receiving the proceeds of a qualified retirement or pension plan

Administration
The purpose of the exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

Liquors-Alcoholic Beverage Tax Exemption

Liquors-Alcoholic Beverage Tax

{ 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:

Beer

1934	$1.50	per 31-gallon barrel
1948	$10.00	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

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

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

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

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.

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.

Liquors-Alcoholic Beverage Tax

{ Introduction }

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.

Legal Citations
R.S. 26:341 through 26:423

Tax Base
Quantity of beverage handled

Tax Rate
1. Liquors: 66¢ per liter
2. Sparkling wines: 42¢ per liter
3. Still wines:
   a. Alcohol content not over 14% – 3¢ per liter
   b. Alcohol content 14% to 24% – 6¢ per liter
   c. Alcohol content over 24% – 42¢ per liter
4. Beer, malt beverages: $10 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
Fiscal Year 2009-2010
There were no significant changes to the alcoholic beverage tax during the past year.

Liquors-Alcoholic Beverage Tax

Index of Exemption

{ Beer Tax Discount }

1. Discount of Two Percent

A discount of two 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

Effective Date
July 26, 1972

Beneficiaries
Registered wholesalers who accurately and timely remit the tax reports

Administration
The purpose of the discount is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$750,000	$750,000

{ Beer, Liquor and 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 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 of alcoholic beverages of low and high alcohol content

Administration
The purpose of the refund/credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$100,000	$100,000

{ Liquor and Wine Tax Exemptions }

3. Antiseptic, Scientific, Religious, and Chemical Uses

Liquor and wine that is not for consumption as an alcoholic beverage is exempt from the tax. The purpose of this exemption is to allow the tax-free sales of alcoholic products used in antiseptic preparations, 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate; no reporting requirement.

{ Liquor and Wine Tax Discount }

4. Discount of 3.33 Percent

A dealer is allowed a discount of 3.33 percent of the tax due for accurately reporting and timely filing their excise taxes return together with the full tax amounts due to the Department. The purpose of this discount is to encourage compliance.

Legal Citation
R.S. 26:354(D)

Origin
Acts 1972, No. 537

Effective Date
July 26, 1972

Beneficiaries
Licensed wholesalers who accurately and timely remit the tax reports

Administration
The purpose of the discount is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$675,000	$675,000

{ Federally Imposed Exemptions-Beer Tax}

5. Interstate Shipments

Beer that is exported beyond the borders of Louisiana is 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$460,000	$460,000

6. Sales to 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 1933 Ex. Sess., No. 2

Effective Date
April 13, 1933

Beneficiaries
The U.S. Government and its agencies

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$170,000	$170,000

{ Federally Imposed Exemptions- Beer 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Negligible; less than $10,000.

{ 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$30,000	$30,000

{ 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Negligible; less than $10,000.

10. Sales to the Federal Government and its Agencies

Sales of alcoholic beverages to the U.S. Government or any of its agencies are not subject to 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$25,000	$25,000

Natural Resources Severance Tax Exemption

Natural Resources - Severance Tax

{ 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

Natural Resources - Severance Tax

{ 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 98 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 33.1¢ per MCF, is responsible for over 99 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
Oil severance tax	
Capable rate R.S. 47:633(7)(a)	12.5% of value
Incapable rate R.S. 47:633(7)(b)	6.25% of value
Stripper rate R.S. 47:633(7)(c)(i)	3.125% of value
Condensate severance tax R.S. 47:633(8)	12.5% of value
Gas severance tax	
Capable rate R.S. 47:633(9)(a) R.S. 47:633(9)(d)(i)	33.1¢ per MCF
Low pressure oil-well gas rate R.S. 47:633(9)(b)	3¢ per MCF
Incapable gas-well gas rate R.S. 47:633(9)(c)	1.3¢ per MCF

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.

Significant Changes
Fiscal Year 2009-2010
The gas severance tax rate increased from 28.8¢ to 33.1¢ per MCF on July 1, 2009, as a result of Acts 1990, No. 387, which set in place an indexing mechanism to annually adjust the gas severance tax rate.

Acts 2010, No. 1006 authorizes the secretary of the Department of Economic Development to grant a Louisiana Mega Project Energy Assistance Rebate of the severance taxes paid on natural gas consumed or used directly in the operation of the mega-project facility or consumed indirectly in the manufacture or creation of energy sold to the mega-project facility for its operation. In addition, the Act makes provision for the Department of Revenue to determine the amount of rebate which may be granted, and requires LDR to promulgate rules and regulations necessary to make the determination of the amount of rebate which may be granted. Effective June 22, 2010.

Natural Resources - Severance Tax

Index of Exemption

{ 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. This gas will eventually be reproduced and sold, and at that time the tax will be paid. This is really more of a deferred payment than an exclusion. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$123,000	$125,000

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
The volume of gas imported is too small to benefit anyone. The only activity is around the three-mile offshore boundary separating state and federal leases.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$41,000	$45,000

{ Natural Gas Exclusions }

3. Flared or Vented

An exclusion is allowed for gas flared or vented to the atmosphere. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$588,000	$600,000

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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$6,337,000	$6,500,000

{ 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.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Negligible	Negligible

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

Administration
The purpose of the exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,114,000	$1,250,000

{ 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. 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

Effective Date
August 1, 1994

Beneficiaries
Any producer who successfully completes or recompletes a well horizontally

Administration
The Department of Natural Resources determines the well cost payout and the Department of Revenue administers the tax suspension.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$82,995,000	$90,000,000

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 change the exemption period from five to two years. Acts 2005, No. 492 extended 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

Effective Date
August 1, 1994

Beneficiaries
Gas producers with older mature fields containing inactive wells

Administration
The Department of Natural Resources certifies the well and the Department of Revenue administers the tax suspension.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$3,210,000	$3,500,000

{ 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

Administration
The purpose of the suspension is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$3,900,000	$4,500,000

10. New Discovery Wells

The severance tax on production from certified new natural gas discovery wells is suspended for a period of 24 months from the date of completion or until payout of the cost is recovered, whichever occurs first. The wells must be spudded after September 30, 1994, and completed before September 30, 1998. Act 7 of the 1998 Regular Legislative Session extended the completion deadline until September 30, 2000. The purpose of this tax suspension was to encourage exploration for new gas wells.

Legal Citation
R.S. 47:648.1 et seq.

Origin
Acts 1994, No. 2

Effective Date
October 1, 1994

Beneficiaries
Natural gas producers with new discovery wells

Administration
The Department of Natural Resources certifies these wells and the Department of Revenue administers the program.

Estimated Fiscal Effect
Since the new discovery well completion deadline was September 30, 2000, and the suspension was for 24 months from the date of completion, no additional revenue losses are expected.

{ Natural Gas Special Rates }

11. 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
The intent of the reduced rate is to encourage small independent operators to continue production on low-producing wells. Major oil companies also benefit from this special reduced rate.

Administration
The purpose of this special rate is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,025,000	$1,100,000

12. 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
The intent of the reduced rate is to encourage small independent operators to continue production on low-producing wells. Major oil companies also benefit from this special reduced rate.

Administration
The purpose of this special rate is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$26,787,000	$30,000,000

{ Oil Deduction }

13. 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

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,500,000	$1,500,000

{ Oil Suspensions }

14. 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. 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

Effective Date
August 1, 1994

Beneficiaries
Any producer who successfully completes or recompletes a well horizontally

Administration
The Department of Natural Resources determines the well cost payout and the Department of Revenue administers the tax suspension.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$450,000	$400,000

{ Oil Suspensions }

15. 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 change the exemption period from five to two years. Acts 2005, No. 492 extended 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

Effective Date
August 1, 1994

Beneficiaries
Oil producers with older mature fields containing many inactive wells

Administration
The potential for a large number of participants, plus the combination of the Department of Natural Resources certifying and the Department of Revenue administering could present problems.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$45,000,000	$40,000,000

16. 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

Administration
This incentive will be easy to administer as there should be a limited number of oil wells successfully completed at a depth of more than 15,000 feet.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$8,000,000	$10,000,000

{ Oil Suspensions }

17. New Discovery Wells

The severance tax on production from certified new oil discovery wells is suspended for a period of 24 months from the date of completion or until payout of the cost is recovered, whichever occurs first. The wells must be spudded after September 30, 1994, and completed before September 30, 1998. Act 7 of the 1998 Regular Legislative Session extended the completion date until September 30, 2000. The purpose of this tax suspension was to encourage exploration for new oil wells.

Legal Citation
R.S. 47:648.1 et seq.

Origin
Acts 1994, No. 2

Effective Date
October 1, 1994

Beneficiaries
Oil producers with new discovery wells

Administration
The Department of Natural Resources certifies these wells and the Department of Revenue administers the program.

Estimated Fiscal Effect
Since the new discovery well completion deadline was September 30, 2000, and the suspension was for 24 months from the date of completion, no additional revenue losses are expected.

18. 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.

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 were the intended beneficiaries of this suspension; however, the collapse of oil prices postponed these projects.

Administration
To date, with only three projects approved, there have been no problems.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$12,000,000	$12,000,000

{ Oil Special Rates }

19. 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

Administration
This special reduced rate program is becoming more efficient to administer, monitor, and enforce.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$10,000,000	$11,000,000

20. 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

Administration
The purpose of the special reduced rate is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$30,000,000	$30,000,000

{ Oil Special Rates }

21. 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 determined 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

Administration
The purpose of the special reduced rate is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$0	$0

22. 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.

Legal Citation
R.S. 47:648.21

Origin
Acts 1986, No. 673

Effective Date
July 1, 1986

Beneficiaries
Class-one salvage oil operators benefit from this special reduced rate. 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.

Administration
The purpose of the special reduced rate is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$200,000	$250,000

{ Oil Special Rates }

23. 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.

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 benefit from this special rate. One project was planned, but never got off the ground and there are none planned for the near future.

Administration
There has been no activity; however, the language of recouping 2.33 times the private investment is unclear and could be difficult to administer.

Estimated Fiscal Effect
$0; no activity is anticipated.

{ Oil and Gas Incentive }

24. Produced Water Injection Incentive

A 20 percent severance tax reduction is allowed on oil and 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 an oil or gas reservoir to increase recovery or oil or gas.

Legal Citation
R.S. 47:633.5(C)

Origin
Acts 1991, No. 625

Effective Date
July 17, 1991

Beneficiaries
Oil and gas producers that inject produced waters into an oil or gas reservoir to increase the recovery or oil or gas will benefit from this incentive.

Administration
There should be no problems administering this incentive.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$300,000	$300,000

{ Mineral Exemption }

25. Owned and Severed by Political Subdivisions

This exemption, enacted in 1988, applies to any political subdivision of the state that owns and severs minerals 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 minerals for their own use

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; no activity is anticipated in the future since the tax on gravel has been repealed.

Petroleum Products Tax Exemptions

Petroleum Products Taxes

{ 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

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. Under the act, effective July 1, 2006, suppliers (refiners) are allowed to keep 1.5 percent of the tax if they timely file and remit the taxes and pass on one percent of the tax to the distributors (marketers).

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. The tax is paid on the annual return and is evidenced by a decal that is issued to the operator for each vehicle.

Owners or operators of motor vehicles that use liquefied natural gas, liquefied petroleum gas, or compressed natural gas pay an annual flat rate or tax based on usage depending on weight of the vehicle. Act 2005, No. 252 does not change the manner in which this tax will be reported or collected.

Fee for Inspection

To defray the expenses connected with the inspection, testing, and analyzing of petroleum products in the state, an inspection fee of 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 818.61 Gasoline and Diesel Fuel

Special Fuels Tax:
R.S. 47:818.1 through 818.6-General Provisions

R.S. 47:818.101 through 818.104 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....................................20¢ per gallon

Fee for inspection ....4/32 of 1¢ per gallon

Liquefied natural gas, liquefied petroleum gas, and compressed natural gas:

Vehicles under 10,000 pounds–option of:

- Annual flat rate of $150 (80 percent of $187.50); or
- Variable rate of 16¢ per gallon (80 percent of current 20¢ rate) based on fuel efficiency of 12 miles per gallon, but not to exceed the annual flat rate.

Vehicles over 10,000 pounds

- Variable rate of 16¢ per gallon (80 percent of the current 20¢ rate) on fuel used based on the gallons used the previous year and using the schedule for calculating vehicle's miles per gallon provided by law. However, the minimum payment shall not be less than $150 (80 percent of $187.50).

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 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
Fiscal Year 2009-2010
There were no significant changes to the petroleum products taxes during the past year.

Petroleum Products Taxes

Index of Exemption

Petroleum Products Taxes

{ 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; At present, no casinghead or absorption gasoline is being sold for blending or compounding with a less volatile liquid in the manufacturing of commercial gasoline as a motor fuel.

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.

Effective Date
September 12, 1980

Beneficiaries
Owners/operators of aviation gasoline powered aircraft

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$200,000	$200,000

{ Gasoline Tax Exemptions }

3. Gasoline for Premixed Two-cycle Engine Fuel

Manufacturers that use gasoline in the manufacture of a premixed two-cycle engine fuel containing gasoline and oil sold in containers of one gallon or less are allowed an exemption from gasoline tax.

Legal Citation
R.S. 47:818.14(A)(4)

Origin
Acts 2007, No. 181

Effective Date
Taxable periods beginning on or after July 1, 2007

Sunset Date
June 30, 2012

Beneficiaries
Manufacturers of and consumers purchasing premixed two-cycle engine fuel

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Negligible; Less than $10,000

{ Gasoline Tax Refunds }

4. 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 or diesel fuel tax paid beginning July 1, 2006. 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

Administration
The purpose of the refund is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$40,000	$40,000

{ Gasoline Tax Refunds }

5. 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

Administration
The purpose of the refund is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$40,000	$40,000

{ Gasoline Tax Discounts }

6. Discount of 3% for Gasoline Jobber

R.S. 47:719(B) provided gasoline dealers with a discount of three percent of the first 1¢ of the total tax per gallons sold, used, or consumed by a dealer for domestic consumption to be deducted from the taxable gallonage. The purpose of this discount was to compensate the dealers for product losses incurred when handling motor fuels.

Beginning July 1, 2006, this discount was superseded by Acts 2005, No. 252, and will no longer be allowed.

Legal Citation
R.S. 47:719(B) superseded by R.S. 47:818.22(A)

Origin
Acts 1928 Ex. Sess., No. 6; superseded by Acts 2005, No. 252.

Effective Date
January 4, 1929

Beneficiaries
Suppliers and permissive suppliers that comply with the discount requirements

Administration
The purpose of the discount is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; This exemption is not in effect.

{ Gasoline Tax Discounts }

7. Discount of 3% for Gasoline Dealer

R.S. 47:719(A) provided gasoline jobbers with a discount of three percent of the first 4¢ of the total tax per gallon purchased for domestic consumption as a deduction from the taxable gallonage. The purpose of the discount was to compensate the jobbers for product losses incurred when handling motor fuels.

Beginning July 1, 2006, this discount was superseded by Acts 2005, No. 252, and will no longer be allowed.

Legal Citation
R.S. 47:719(A) superseded by R.S. 47:818.22

Origin
Acts 1975, No. 503; superseded by Acts 2005, No. 252.

Effective Date
September 12, 1975

Beneficiaries
Licensed distributors and importers that comply with the discount requirements

Administration
The purpose of the discount is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; This exemption is not in effect.

8. Discount for 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.

Legal Citation
R.S. 47:818.22(A)

Origin
Acts 2005, No. 252

Effective Date
July 1, 2006

Beneficiaries
Suppliers and permissive suppliers that comply with the discount requirements

Administration
The purpose of the discount is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$7,000,000	$7,000,000

{ Special Fuels Tax Refunds }

9. 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 special 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

Origin
Acts 1984, No. 927

Effective Date
September 3, 1984

Beneficiaries
Contract drivers of privately owned school buses

Administration
The purpose of the refund is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$220,000	$220,000

10. 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

Administration
The purpose of the refund is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Negligible; less than $10,000.

{ Special Fuels Tax Discount }

11. Discount of Three Percent

A three percent discount of the net taxable gallons reported was allowed for collecting and remitting the tax and as an allowance for evaporation. The purpose of this discount was to compensate the suppliers for expenses incurred in collecting and remitting the taxes and for product losses incurred due to evaporation.

Beginning July 1, 2006, this discount will be superseded by Acts 2005, No. 252, and will no longer be allowed.

Legal Citation
R.S. 47:808(C) superseded R.S. 47:818.22(A) and (B)

Origin
Acts 1954, No. 166; superseded by Acts 2005, No. 252.

Effective Date
July 30, 1954

Beneficiaries
Licensed special fuels suppliers

Administration
The purpose of the discount is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; This exemption is not in effect.

12. Discount for 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.

Legal Citation
R.S. 47:818.22(A)

Origin
Acts 2005, No. 252

Effective Date
July 1, 2006

Beneficiaries
Suppliers and permissive suppliers that comply with the discount requirements

Administration
The purpose of the discount is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$2,200,000	$2,200,000

{ Inspection Fee Exemption }

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$25,000	$25,000

14. Undyed Diesel Fuel Used by Commercial Fisherman

The inspection fee does not apply to taxed undyed special 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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Negligible; less than $10,000.

{ Inspection Fee Exemption }

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$700,000	$700,000

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,000,000	$1,000,000

{ Federally Imposed Exemptions }

17. Gasoline Sales to Federal Government and its Agencies

Bulk gasoline 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 resell 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$300,000	$300,000

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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$80,000,000	$80,000,000

Public Utilities and Carriers Tax Exemptions

Public Utilities and Carriers Taxes
Inspection and Supervision Fee

{ 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
- $4.94 per $1,000 for the first $100,000 or less of such gross receipts;
- $4.16 per $1,000 of such gross receipts in excess of $100,000 and not more than $250,000;
- $3.38 per $1,000 of such gross receipts in excess of $250,000 and not more than $500,000;
- $2.61 per $1,000 of such gross receipts in excess of $500,000 and not more than $750,000;
- $2.22 per $1,000 of such gross receipts in excess of $750,000 and not more than $1,000,000;
- $1.83 per $1,000 of such gross receipts in excess of $1,000,000 and not more than $2,000,000;
- $1.44 per $1,000 of such gross receipts in excess of $2,000,000 and not more than $5,000,000;
- $1.06 per $1,000 of such gross receipts in excess of $5,000,000 and not more than $10,000,000;
- $.90 per $1,000 of such gross receipts in excess of $10,000,000 and not more than $25,000,000
- $.75 per $1,000 of such gross receipts in excess of $25,000,000 and not more than $100,000,000;
- $.59 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
Fiscal Year 2009-2010
There were no significant changes in the inspection and supervision fee laws during the year.

Public Utilities and Carriers Taxes
Transportation and Communication Utilities Tax

{ 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
Fiscal Year 2009-2010
There were no significant changes to the transportation and communication utilities taxes during the past year.

Public Utilities and Carriers Taxes

Index of Exemption

{ **EXCLUSIONS**-*INSPECTION AND SUPERVISION FEE* }

{ **EXCLUSION**-*TRANSPORTATION AND COMMUNICATION UTILITIES TAXES* }

Public Utilities and Carriers Taxes Inspection and Supervision Fee

{ Exclusions-*Inspection and Supervision Fee* }

1. Ten-mile Zone Exclusion

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 within the limits and not more than ten miles from one incorporated municipality 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

Administration
The purpose of the exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate; no reporting requirement.

2. Power Cost Exclusion

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

Administration
The purpose of the exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate; no reporting requirement.

{ Exclusion-*Transportation and Communication Utilities Taxes* }

1. Seven-mile Zone Exclusion

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 two contiguous parishes each with a population of 400,000 or more 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

Effective Date
June 28, 1965

Beneficiaries
Public utilities that transport within the specified area

Administration
The purpose of the exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$2,250,000	$2,250,000

Sales Tax Exemption

Sales Tax

{ 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); and increased to a four percent rate in 1984 (R.S. 47:331).

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.

For the purposes of this report, the term general sales tax is used to reference the four 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. The bonds of the Recovery District were retired as of September 30, 1996, and the District ceased to exist. The levy of the District was replaced with a one percent general sales tax levy and the four percent suspension continued until June 30, 1997.

From July 1, 1997 to June 30, 2000, the suspension rate is three percent. From July 1, 2000 to June 30, 2009 the suspension rate is four percent, except for sales of non-residential electricity, water utility service, natural gas, and steam, which is 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 will be subject to a suspended rate of 3.3 percent. Sales of steam and water for nonresidential use will continue to be taxed at the suspended rate of 3.8 percent. Beginning July 1, 2008 sales for nonresidential purposes of natural gas for energy and electric power will be subject to a suspended rate of 2.3 percent. Sales of steam and water for nonresidential use will then be 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 are 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. The revenue loss for these exemptions are reported in the row labeled "Exemptions subject to 1% suspended rate".

Sales Tax

{ Introduction }

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.

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. 33:4169

R.S. 38:2212.3

R.S. 39:367 - 39:368

R.S. 40:582.1 - 40:582.7

R.S. 47:1121

R.S. 47:1515.1

R.S. 47:6001

R.S. 51:1301

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
	.97 %	R.S. 47:331
Tourism Prom. Dist.	.03 %	Ordinance
Total	4.00 %	

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.

Sales Tax

{ Introduction }

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 2004 1st 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 are 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.

Significant Changes
Fiscal Year 2009-2010
Acts 2010, No. 960 [La. R.S. 47:303.1(B)(4), 1520(A)(1)(f), and 1523] requires the issuance of Direct Pay numbers to taxpayers who enter into a cooperative endeavor agreement with the state as provided by R.S. 33:9029.2, and who obtain required approvals and meet all qualifications under R.S. 47:303.1 except those in Subsection (B)(1)(c). In addition, Act 960 authorizes the secretary of revenue to require electronic filing of certain returns when electronic filing of a similar return or report is required by the Internal Revenue Service. And finally, Act 960 authorizes the secretary to enter into reciprocal offset of indebtedness agreements with the federal government, pursuant to which the state shall agree to offset from state tax refunds and payments otherwise due to vendors and contractors providing goods or services to state agencies, non-tax debt owed to the federal government, and the federal government shall agree to offset from federal payments to vendors, contractors, and taxpayers debt owed to the state. Effective: July 6, 2010.

Sales Tax

Index of Exemption

{ EXCLUSIONS }

{ EXEMPTIONS }

{ 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

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 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

3. Purchases, Services, and Rentals by 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner but it is not used extensively.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

4. 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 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 on 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
The beneficiaries of this exclusion are individuals not in the business of selling and the consumers who purchase occasional-sale items. Businesses also utilize this exclusion when they sell items outside their normal business activity (example: the sale of a cash register by a department store).

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

5. 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
The beneficiaries of this exclusion are individuals and businesses who purchase equipment for which an installation charge is made.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

6. Installation of Board Roads to Oil-field Operators

This exclusion allows installers of board roads, when dealing with oil-field operators, to separately itemize the installation charges associated with the board road and to exclude these charges from the sales tax. The purpose of this exclusion is to eliminate the tax on installation charges paid by oil-field contractors.

Legal Citation
R.S. 47:301(3)(c)

Origin
Acts 1983, No. 446

Effective Date
July 3, 1983

Beneficiaries
Oil-field contractors.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

7. Manufacturers 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 represent 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.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$13,068,932	$13,330,311

8. Manufacturers 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. Manufacturers 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.

Administration
It is not known if the purpose of this exemption is being achieved in a fiscally effective manner. This exclusion is only known to apply to payments made by cigarette manufacturers who make payments directly to the cigarette retailer. Other industries may have similar transactions.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

9. Purchases of Consumables by Paper and Wood Manufacturers and Loggers

This provision creates a phased-in state sales tax 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. These designations consist primarily of paper and wood manufacturers and loggers. The exemption will be phased-in at 25 percent of the cost price beginning July 1, 2010, and continue in 25 percent increments until it becomes 100 percent of the cost price July 1, 2013.

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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,500,000	$3,000,000

10. Leases or Rentals of Railroad Rolling Stock & Leases or Rentals by Railway Companies & Railroad Corporations

This exclusion removes lessors/rentors of railroad rolling stock from the requirement to charge the lease/rental tax to their lessees. This exclusion still requires lessees/rentees, with the exception of railway companies or railroad corporations, to self-assess the lease/rental tax and remit the tax directly to the state. The purposes of this exclusion are to relieve the lessors/rentors 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/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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

11. Purchases of Manufacturing Machinery and Equipment

The exclusions, phased in over seven years, allow 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.

Effective July 1, 2005, 19 percent of the price of eligible manufacturing machinery and equipment will be excluded from the state sales tax, increasing to 35 percent effective July 1, 2006 then 54 percent effective July 1, 2007. Effective July 1, 2008, 68 percent of the purchase price will be excluded. Effective July 1, 2009, 100 percent of the purchase price will be excluded.

Legal Citation
R.S. 47:301(3)(i)(i), (13)(k)(i) and (28)(a), R.S. 47:337.10(I),

Origin
Acts 2004, 1st 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$18,379,789	$18,747,385

{ 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 the state sales, use, lease and rental tax. Effective July 1, 2007 54 percent of the price of eligible machinery and equipment will be 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)(eee), R.S. 47:301(3)(i)(ii)(bb)(III)

Origin
Acts 2007, No. 339

Effective Date
July 1, 2007

Beneficiaries
Producers of news publications.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
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), R.S. 47:302(T), 321(J) and 331(R) – repealed by Acts 2007, No. 471

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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 100, Sales Tax Section

{ Exclusions }

14. Room Rentals at Camp and Retreat Facilities

This provision excludes from the 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.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

15. 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.

Administration
Nearly all state tax on lodging is dedicated back to the local area where the tax is collected. Thus, any negative effect on state revenues as a result of this act is essentially a reduction in revenue statutorily dedicated back to local entities.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$0	$0

16. Rentals or Leases of Certain Oil-field Property to be Re-leased or Re-rented

This exclusion allows oil-field equipment rental dealers to rent/lease certain oil-field 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
Oil-field equipment rental dealers.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

17. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

18. 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
Any Louisiana based commuter airline

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

19. 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.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

20. 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 fund-raising.

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.

Administration
It is not known if the purpose of this exclusion is being achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

21. 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 and 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.

Administration
It is not known if the purpose of this exclusion is being achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

22. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

23. 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

Effective Date
July 1, 2005

Beneficiaries
Taxpayers that manufacture, produce or extract unblended biodiesel

Sunset Date
June 30, 2012

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

24. 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 Department of Labor a North American Industrial Classification System Code within the manufacturing sectors 31-33 as they existed in 2002.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

25. Purchases by Regionally Accredited Independent Educational Institutions

This exclusion allows qualifying educational institutions to purchase or rent/lease 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

26. 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 or rent/lease 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$213,723,657	$217,998,130

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).

27. Purchases of Certain Bibles, Song-books, or Literature by Certain Churches or Synagogues for Religious Instructional Classes

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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Prohibited	Prohibited

{ Exclusions }

28. 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 rent/lease 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Prohibited	Prohibited

29. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

30. 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 varied 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.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$8,405,178	$8,573,282

31. Purchases of New Research Equipment by a Biotechnology Company

This exclusion allows biotechnology companies to purchase new research equipment without the payment of general sales tax. Biotechnology companies are defined as qualified commercial biotechnology research companies identified by the North American Industry Classification System by code numbers 541710, 325412, 325414, 334516, or 339112. The purpose of this exclusion is to provide financial assistance to biotechnology start-up companies.

Legal Citation
R.S. 47:301(10)(a)(v)

Origin
Acts 2002, 1st Ex. Sess., No. 3

Effective Date
July 1, 2002

Sunset Date
June 30, 2006

Beneficiaries
Qualified biotechnology companies purchasing new research equipment.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Not in effect	Not in effect

{ Exclusions }

32. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

33. Natural Gas Used in the Production of Iron

This exclusion allows purchases of natural gas free of 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"

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
See number 100, Sales Tax Section

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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
See number 100, Sales Tax Section

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 product. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

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. This exclusion relieves the farmers from paying advance sales tax. The purpose of this exclusion is to clarify that raw agricultural commodities are not subject to sales tax.

Legal Citation
R.S. 47:301(10)(e)

Origin
Acts 1988, No. 307

Effective Date
July 7, 1988

Duplicate Provision
R.S. 47:305(A)(3)

Beneficiaries
Producers of crops and livestock

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

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
The beneficiaries of this exclusion are the United States Government and their agents.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 26, Sales Tax Section

{ 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 2nd Ex. Sess., No. 10

Effective Date
September 8, 1989

Duplicate Provision
R.S. 47:305.14

Beneficiaries
Qualifying youth groups

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

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.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
We are unable to estimate the fiscal effect; there is no reporting requirement for the data.

{ Exclusions }

40. Tangible Personal Property Sold 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)

Origin
Acts 1990, No. 817; Amended by Acts 1992, No. 514

Effective Date
September 7, 1990

Beneficiaries
Qualifying food banks

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

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.

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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

42. Certain Aircraft Assembled in Louisiana with a Capacity of 50 People or More

This exclusion allows aircraft manufactured or assembled in Louisiana with a capacity of 50 people or more to be sold free of general sales tax. 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

Effective Date
August 21, 1992

Beneficiaries
The beneficiaries of this exclusion are aircraft manufacturing companies located in Louisiana. The state benefits by the increased economic activity.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

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.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ 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.

Administration
The purpose of this exclusion was achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

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)(t)

Origin
Acts 2002, No. 58

Effective Date
June 25, 2002

Beneficiaries
Advertising companies distributing telephone directories

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
This exclusion is not currently in effect.

47. Purchases of Fuel or Gas by Residential Consumers

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, 1st Extraordinary Session, No. 8

Effective Date
July 1, 2004

Beneficiaries
Residential consumers

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 186, Sales Tax Section

{ 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)

Origin
Acts 2005, No. 345

Effective Date
July 1, 2006

Sunset Date
June 30, 2012

Beneficiaries
Manufacturers that use an alternate substance as fuel

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

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)(z)(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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
$0; This exclusion is no longer applicable because natural gas is no longer subject to sales tax effective 6/30/09.

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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ 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.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

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.

Administration
The purpose of this exclusion is achieved in a fiscally responsible manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

56. 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, 2nd Ex. Sess., No. 14

Effective Date
August 1, 1989

Beneficiaries
Any persons or businesses that purchase tangible personal property utilizing trade-ins.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

57. 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 [See number 132, Sales Tax Section].

Legal Citation
R.S. 47:301(13)(c)

Origin
Acts 1991, No. 388

Effective Date
July 8, 1991

Beneficiaries
Poultry farmers.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

58. Specialty Mardi Gras Items 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)

Origin
Acts 2005, No. 410

Effective Date
August 15, 2005

Beneficiaries
Nonprofit carnival organizations

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

59. Admission to Athletic or Entertainment Events by Educational Institutions and Membership Dues of Certain Nonprofit Civic Organizations

This exclusion allows the tax-free sale of tickets for admission to all athletic events by schools, colleges, and universities, and 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)

Origin
Acts 1948, No. 9; amended by Acts 1976, No. 481

Effective Date
June 7, 1948

Beneficiaries
Schools and nonprofit organizations

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

60. Admissions to Museums

This exclusion allows tax-free admissions to museums by defining 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effective
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

61. 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 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(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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

62. 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, 1st 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$10,242,952	$10,447,811

63. 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

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.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

64. 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(14)(i)(ii)(cc)

Origin
Acts 2000, No. 22; amended by Acts 2001, No. 1175

Effective Date
April 1, 2001

Beneficiaries
Defined Call Centers.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

65. 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(14)(i) (iii)(aa)

Origin
Acts 1990, No. 388

Effective Date
August 1, 1990

Beneficiaries
People who use coin-operated telephones

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

66. Miscellaneous Telecommunications Services

This exclusion allows charges for certain taxes and services for resale to be excluded from the definition of telecommunication services and state sales tax. The telecommunication tax is assessed at a rate of three percent. The purpose of this exclusion is to define what charges for telecommunications are not subject to tax.

Legal Citation
R.S. 47:301(14)(i)(iii)(bb), R.S. 47:301(14)(i)(iii)(dd)

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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

67. Coin Bullion with a Value of $1,000 or More

This exclusion allows transactions involving gold, silver, or other numismatic coin with a total value over $1,000 to be free of general sales tax. The purpose of this exclusion is to provide for tax-free sales of monitized bullion.

Legal Citation
R.S. 47:301(16)(b)(ii)

Origin
Acts 1991, No. 292

Effective Date
July 1, 1991

Beneficiaries
Dealers and purchasers of gold bullion

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

68. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; not taxable.

69. 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 under Title 37

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; not taxable.

{ Exclusions }

70. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

71. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$5,292,663	$5,398,516

72. 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, 1st Ex. Sess., No. 7

Effective Date
July 1, 2002

Beneficiaries
Dealers and consumers of custom computer software

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

73. Certain Digital Television and Digital Radio Conversion Equipment

This exclusion allows individual taxpayers who hold a Federal Communications Commission license issued pursuant to 47 CFR Part 73, to purchase digital television and digital radio conversion equipment free from the general sales and use tax. Acts 2002, No. 61 specifically defines the items that qualify for the exclusion and provides that the exclusion only applies to the first purchase of each enumerated item. The Act also allows for a retroactive application of the exclusion on purchases of qualifying equipment purchased after January 1, 1999.

When enacted, the exclusion for purchases made by taxpayers holding Federal Communications Commission radio broadcast licenses issued pursuant to 47 CFR Part 73 did not apply until such time as the Federal Communications Commission mandated a radio conversion to digital broadcasting. Acts 2005, No. 243 repealed the restriction thus enabling those taxpayers to claim the exclusion on the first purchase of qualifying items.

Legal Citation
R.S. 47:301(16)(i)

Origin
Acts 2002, No. 61 ; Amended by Acts 2005, No. 243

Effective Date
June 25, 2002

Sunset Date
June 12, 2009

Beneficiaries
Taxpayers mandated by FCC to convert to digital broadcasting

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0, exclusion sunsetted.

{ Exclusions }

74. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

75. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

76. 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, 1st Ex. Sess., No. 6

Effective Date
March 25, 2004

Beneficiaries
Persons owning other constructions and not the land on which they are located

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

77. 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.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 11, Sales Tax section.

{ Exclusions }

78. 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 11, Sales Tax section.

79. 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.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 11, Sales Tax section.

{ Exclusions }

80. Purchases of Machinery and Equipment Purchased by Certain Utilities

This exclusion allows certain utilities assigned North American Industry Classification Systems 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 North American Industry Classification System Sector 22111.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 11, Sales Tax section.

81. 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) provides a related exemption. That exemption is currently suspended. This exclusion will supercede the suspended exemption on the effective date above.

Beneficiaries
Consumers who purchase newspapers and magazines.

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

82. Donations to Certain Schools and Food Banks from Resale Inventory

This exclusion allows a retailer to donate resale inventory to certain schools or food banks 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 food banks must meet the definition under R.S. 9:2799(B). The purpose of this exclusion is to encourage the donation of resale inventory to certain schools and Food Banks.

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 food banks and the schools and food banks that receive the donations

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

83. 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. The use tax value of refinery gas is under R.S. 47:301(f). 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 refinery gas and byproducts that are produced as part of their process

Administration
It is not known if the purpose of this exclusion is being achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this exclusion is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Exclusions }

84. 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

Administration
The purpose of this exclusion is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; not taxable.

{ Exemptions }

85. 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

Administration
The exemption has caused problems when the cooperatives tried to pass the exemption through to construction contractors using agency agreements. This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Exemptions }

86. 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 Citation
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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0, resale to government entities.

87. 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 Citation
R.S. 39:467

Origin
Acts 1985, No. 2, amended by Acts 2005, No. 391; Acts 2009, No. 464

Effective Date
May 23, 1985

Beneficiaries
Certain state-owned domed stadiums and baseball sites and the vendors operating within them

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Exemptions }

88. 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 Citation
R.S. 39:468

Origin
Acts 1985, No. 2

Effective Date
May 23, 1985

Beneficiaries
Certain publicly-owned facilities and the vendors operating within them

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

89. 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Exemptions }

90. 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

91. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

92. 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 racehorses.

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

Administration
Acts 2007, No. 424 amended R.S. 47:302(R) and 321(H) and enacted R.S. 47:331(P)(3) to reinstate this exemption that had previously been suspended, effective July 1, 2007.

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.

93. 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 commercial, business, or agricultural 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)

Origin
Acts 1986, No. 677

Effective Date
August 30, 1986

Beneficiaries
Persons or companies that feed animals for commercial, business, or agricultural use

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Exemptions }

94. Materials 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. 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 one percent 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)

Origin
Acts 1987, No. 364; Acts 2009, No. 455

Effective Date
September 1, 1987

Beneficiaries
Producers and harvesters of crawfish

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely. However, crawfish feed and bait is totally exempt.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

95. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Exemptions }

96. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

97. Sales of Gasoline

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 180, 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Exemptions }

98. Sales of Steam

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

Administration
This exemption has been suspended at the rate of 3.8 percent for the period 7/1/04 – 6/30/08 and at the rate of 2.8 percent for the period 7/1/08 - 6/30/09. This exemption is subject to zero percent tax effective 7/1/2009.

Estimated Fiscal Effect
See number 99, Sales Tax Section.

99. Sales of Water

This exemption allows the tax-free sale of water sold other than in containers. The purpose of this exemption is to benefit the non-residential 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

Administration
This exemption has been suspended at the rate of 3.8 percent for the period 7/1/04 – 6/30/08 and at the rate of 2.8 percent for the period 7/1/08 - 6/30/09. This exemption is subject to zero percent tax effective 7/1/2009.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$4,902,821	$5,000,877

{ Exemptions }

100. Sales of Electric Power or Energy

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 non-residential 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
Nonresidential users of electrical utility services and industrial manufacturing plants that generate their own electricity

Administration
This exemption has been suspended at the rate of 3.3 percent for the period 1/1/06 – 6/30/08 and at the rate of 2.3 percent for the period 7/1/08 - 6/30/09. This exemption is subject to zero percent tax effective 7/1/2009.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$159,435,201	$162,623,905

101. Sales of Newspapers

This exemption 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. The purpose of this exemption is to benefit the consumers of newspapers.

Legal Citation
R.S. 47:305(D)(1)(e)

Origin
Acts 1948, No. 9

Effective Date
June 7, 1948

Repealed
Acts 2007, No. 480 effective July 1, 2008

Related Provision
R.S. 47:301(16)(p), enacted by Acts 2007, No. 480 provides a related exclusion that will supersede this exemption effective July 1, 2008.

Beneficiaries
Consumers who purchase newspapers and magazines

Administration
The question of what may be included in the definition of newspapers has been a recurring problem. The possibility of infringing on the freedom of the press has served to increase the items eligible for this exemption. This exemption was repealed effective July 1, 2008.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
Repealed	Repealed

{ Exemptions }

102. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

103. Sales of Natural Gas

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

Administration
This exemption has been suspended at the rate of 3.3 percent for the period 1/1/06 – 6/30/08 and at the rate of 2.3 percent for the period 7/1/08 - 6/30/09. This exemption is subject to zero percent tax effective 7/1/2009.

Estimated Fiscal Effect
See number 100, Sales Tax Section.

{ Exemptions }

104. 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 in a boiler fuel, except residual or byproducts or refinery gas

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

105. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely. Sales of trucks and automobiles are reported to Office of Motor Vehicles.

Estimated Fiscal Effect	
FYE 6-10	**FYE 6-11**
Unable to anticipate	Unable to anticipate

{ Exemptions }

106. 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

R.S. 47:305(D)(1)(j)
Drugs prescribed by physicians or dentists

R.S. 47:305(D)(1)(k)
Orthotic and prosthetic, wheelchairs and wheelchair lifts, prescribed by a physician or licensed chiropractor, specifically including prescription eyeglasses and corrective lenses

R.S. 47:305(D)(1)(m)
Patient aids prescribed by a physician or licensed chiropractor

R.S. 47:305(D)(1)(l)
Ostomy, colostomy, and ileostomy devices and equipment

R.S. 47:305(D)(1)(s)
Patient medical devices used in the treatment of a disease prescribed by a physician

R.S. 47:305(D)(1)(t)
Dental orthotic and prosthetic devices, prostheses, and restorative materials

R.S. 47:305(G)
Kidney dialysis equipment and supply purchases or rentals

R.S. 47:305.2
Insulin

Origin

Various legislation since 1973

Effective Date

1974 and subsequent years

Beneficiaries

Individuals who purchase prescription drugs and hospitals

Administration

The purpose of this prohibition is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$242,697,348	$247,551,295

{ Exemptions }

107. 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.

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

108. 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.

Legal Citations
R.S. 47:305(D)(2)

Origin
Acts 1973 Ex. Sess., No. 13; amended by Acts 2009, No. 473

Effective Date
January 1, 1974

Beneficiaries
Certain Institutions

Administration
This exemption was fully suspended through 6/30/09.

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.

109. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

110. Repairs and Materials Used on Drilling Rigs and Equipment

This exemption allows repairs and materials used on drilling rigs and equipment used exclusively for exploration and development of minerals outside the territorial limits of the state in outer continental shelf waters to be exempt from the state sales and use tax. The exemption applies to the sale of materials, services, and supplies as well as labor used to repair, renovate or convert any drilling rig, or machinery and equipment that are component parts used exclusively for the exploration or development of minerals outside the territorial limits of the outer continental shelf waters. The definition of drilling rig and component parts are also defined under R.S. 47:305(I). The purpose of this exemption is to provide financial assistance to companies operating drilling rigs and that are engaged in exploration and development of minerals outside the territorial limits of the state in outer continental shelf waters.

Legal Citation
R.S. 47:305(I)

Origin
Acts 2002, No. 31

Effective Date
July 1, 2002

Beneficiaries
Companies that operate drilling rigs and are engaged in exploration and development of minerals outside the territorial limits of the state in outer continental shelf waters

Administration
This exemption is subject to zero percent tax effective 7/1/2005. Please see the exclusion under R.S. 47:301(14)(g)(iii).

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.

{ Exemptions }

111. 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
The beneficiaries of this exemption are builders of 50-ton and over ships, vessels, and barges and the owners of ships, vessels, and barges that operate in foreign or interstate commerce. Since the courts have declared that tax laws cannot discriminate against interstate commerce, the Department has been unable to enforce the restrictive built in Louisiana language contained in the statute. Consequently, out-of-state builders have also benefited from this exemption.

Administration
Acts 2002, No. 40 and 41 have provided a specific definition of “foreign or interstate coastwise commerce.” Acts 2006 1st Extraordinary Session No. 34 clarifies that the exemption is applicable to barges and drilling ships.

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.

112. 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 livestock, 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Exemptions }

113. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

114. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Exemptions }

115. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

116. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Exemptions }

117. 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

Administration
Recent court rulings that broadly interpret what constitutes interstate, offshore, and foreign commerce make this exemption difficult to administer.

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.

118. 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.

Legal Citation
R.S. 47:305.11

Origin
Acts 1970, No. 7

Effective Date
July 29, 1970

Beneficiaries
Lump-sum contractors

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
This exemption is only effective after an increase in the tax rate.

{ Exemptions }

119. 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

Administration
This exemption has been fully suspended and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

120. 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

Origin
Acts 1973, No. 89; amended by Acts 1991, No. 533 and 930

Effective Date
July 2, 1973

Beneficiaries
Qualifying nonprofit organizations

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Exemptions }

121. 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

Origin
Acts 1994, No. 22

Effective Date
June 7, 1994

Beneficiaries
Customers of thrift shops located on military installations

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

122. 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

Origin
Acts 1994, No. 39

Effective Date
June 7, 1994.

Beneficiaries
Qualifying religious organizations

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Exemptions }

123. 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

Origin
Acts 2002, No. 27

Effective Date
July 1, 2002

Beneficiaries
Qualifying nonprofit literacy organizations

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

124. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Exemptions }

125. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

126. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; Installation charges and charges for repairs to immovable property are not taxable.

{ Exemptions }

127. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Courts have ruled that these receipts are not taxable. In addition, the receipts are not reported on the return.

128. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Exemptions }

129. Lease or Rental of Certain Vessels in Mineral Production

This exemption allows the vessels leased or rented for use offshore beyond the territorial limits 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 service to them

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

130. 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

Origin
Acts 1975, No. 811; Acts 2009, No. 446

Effective Date
September 12, 1975

Beneficiaries
Licensed commercial fishermen

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Exemptions }

131. 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

Origin
Acts 1991, No. 896

Effective Date
September 6, 1991

Beneficiaries
The qualifying processing facilities

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

132. 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. 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

Effective Date
September 8, 1978

Beneficiaries
Producers of agricultural products

Administration
Acts 2007, No. 424 amended R.S. 47:302(R) and R.S. 47:321(H) and enacted R.S. 47:331(P)(3) to reinstate the previously suspended exemption for farm irrigation equipment under R.S. 47:305.25(A)(3). R.S. 47:305.25(A)(4) and (5) are subject to one percent tax effective 7/1/2009.

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.

{ Exemptions }

133. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

134. Sales of Gasohol

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 180, 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Exemptions }

135. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

136. Sales of Motor Vehicles to be Leased or Rented by Qualified Lessors

This exemption allows the tax-free purchase of motor vehicles, trailers, and semi-trailers used exclusively for leases or rentals. This exemption is superseded by the exclusion provided under R.S. 47:301(10)(a)(iii) [See number 28] enacted October 1, 1996.

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

Duplicate Provision
R.S. 47:301(10)(a)(iii)

Administration
This exemption has been superseded by R.S. 47:301(10)(a)(iii).

Estimated Fiscal Effect
Superseded by R.S. 47:301(10)(a)(iii). See number 30, Sales Tax section.

{ Exemptions }

137. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

138. Sales or Purchases by Certain Sheltered Workshops

This exemption allows certain sheltered workshops for the mentally retarded to sell and purchase tax free. The workshop must be used as a day developmental training center and licensed by the Department of Social 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Exemptions }

139. 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

Administration
This exemption has been superseded by duplicate provisions as of July 1, 2004.

Estimated Fiscal Effect
Superseded by R.S. 47:301(10)(x). See number 186, Sale Tax section.

140. 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.

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Exemptions }

141. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

142. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Exemptions }

143. 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

Administration
This exemption has been fully suspended and the one percent suspension will continue through June 30, 2011.

Estimated Fiscal Effect
See number 141, Sales Tax Section.

144. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Exemptions }

145. 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. Railcar leases are also covered by an exclusion under R.S. 47:301(4)(k) (See number 10, 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

146. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

147. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

148. Certain Trucks and Trailers Used 80 Percent in Interstate Commerce

This exemption allows the tax free purchase of trucks with a gross weight of twenty-six thousand pounds or more and to trailers if the truck and trailer are to be used at least eighty 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

Administration
This exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$4,935,351	$5,034,058

149. 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(A)(1)(a)(ii) and (b)(ii)

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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$870,944	$888,363

150. 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. R.S. 47:305.50(B)(2) provides a state and local sales 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(B)(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(B)(1) and (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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Exemptions }

151. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

152. 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 employee 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 1st Ex. Sess., No. 5; Acts 2002, No. 49; Acts 2004 1st Ex. Sess., No. 5; Acts 2009, no. 443

Effective Date
March 27, 2001

Beneficiaries
Any steel mill meeting the minimum requirements.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 100, Sales Tax section.

153. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

154. 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, 1st Ex. Session No. 9; amended by Acts 2007, No. 244

Effective Date
First consecutive Friday and Saturday of August each year

Beneficiaries
Individual consumers

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$3,704,000	$3,778,080

{ Exemptions }

155. Purchase or Rental of Machinery and Equipment to Replace Equipment Damaged or Destroyed by Hurricane Katrina or Hurricane Rita

This exemption provides that the state sales or use tax shall not apply to manufacturing machinery and equipment purchased, leased, or rented or repaired by manufacturers in the replacement of 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.

Legal Citation
R.S. 47:305.55

Origin
Acts 2005, 1st Ex. Session No. 47

Effective Date
December 6, 2005

Sunset Date
June 30, 2007

Beneficiaries
Manufacturers who suffered damage as a result of either Hurricane Katrina or Hurricane Rita

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-10	**FYE 6-11**
Not in effect	Not in effect

156. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Exemptions }

157. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$46,920	$47,858

158. Sale of Construction Materials to Habitat for Humanity

This exemption allows Habitat for Humanity affiliates located in this state 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

Effective Date
October 1, 2007

Beneficiaries
Affiliates of Habitat for Humanity located in this state.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Exemptions }

159. 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. 47:305.60, R.S. 47:337.9(D)(28)

Origin
Acts 2007, No. 457

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.

Administration
The exemption is limited to a total of $1 million in state sales tax.

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.

160. 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-10	**FYE 6-11**
$400,000	$408,000

{ Exemptions }

161. Sales of Polyroll Tubing

This provision creates a state sales tax exemption for polyroll tubing used for commercial farm irrigation.

Legal Citation
R.S. 47:305.63

Origin
Acts 2009, No. 450

Effective Date
July 8, 2009

Beneficiaries
Commercial farmers

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

162. 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

Effective Date
July 1, 2009

Beneficiaries
Mary Bird Perkins Cancer Center and the Biomedical Research Foundation

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Exemptions }

163. Purchases of Construction Materials by Hands on New Orleans and Rebuilding Together New Orleans Covenant Partners

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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

164. 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

Administration
This exemption was fully suspended through 6/30/09 and the one percent suspension will continue indefinitely.

Estimated Fiscal Effect
The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled Exemptions subject to 1% suspended rate.

{ Alternate-Reporting Methods }

165. 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 1⁄60 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

Administration
The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this alternate reporting method is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

166. 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

Administration
This provision has been superseded by the exclusion under R.S. 47:301(10)(a)(iii), effective October 1, 1996.

Estimated Fiscal Effect
See number 30, Sales Tax Section.

{ Alternate-Reporting Methods }

167. 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

Administration
The purpose of this alternate reporting method is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this alternate reporting method is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

168. 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.

Legal Citation
R.S. 47:306(A)(2)

Origin
Acts 1985, No. 867

Effective Date
July 23, 1985

Beneficiaries
The beneficiaries of this alternative method of tax payment are the lessors of the property. This method of tax payment allows the lessors to avoid the loss of sales taxes remitted on transactions that ultimately become bad debts.

Administration
The purpose of this alternate reporting method is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this alternate reporting method is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Alternate-Reporting Methods }

169. 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

Administration
The purpose of this alternate reporting method is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this alternate reporting method is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ Statutorily Prescribed Methods of Taxation }

170. 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 20th 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
The beneficiaries of this provision are purchasers of mobile homes that immobilize them at the time of purchase.

Administration
The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; this statute was amended to eliminate the ability of manufactured home purchasers to avoid paying tax through an act of immobilization.

{ Statutorily Prescribed Methods of Taxation }

171. "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 2006 is $1.048 and for calendar year 2007 is $1.137. This valuation is identical to the valuation originally set under R.S. 47:305(D)(1)(h) (See number 104, 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

Administration
The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; This is a valuation formula only.

{ Credits }

172. 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 amount of the vendor's compensation is computed on the sales tax collections before credit is taken for taxes paid on goods for resale. The purpose of this credit is to compensate the dealer in accounting for and remitting the sales taxes.

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

Effective Date
June 7, 1948

Beneficiaries
Dealers who report and remit taxes on a timely basis

Administration
The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$27,298,270	$27,844,235

{ Credits }

173. Credit for Costs to Reprogram Cash Registers

This credit allows 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 is to compensate taxpayers for costs to reprogram cash registers because of tax changes.

Legal Citation
Acts 1990, No. 386, Section 4

Origin
Acts 1990, No. 386

Effective Date
July 12, 1990

Beneficiaries
Dealers collecting Louisiana sales tax

Administration
The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$72,397	$73,845

{ Refunds }

174. 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.

Administration
The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect
During fiscal year 2009-2010, $190,783 in sales tax refunds were issued for bad debts on credit sales. We are unable to predict the future fiscal effect.

{ Refunds }

175. 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

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.

Administration
The documentation submitted for tax claims is generally incomplete; claims that appear to be reasonable and probable are honored. Under the present system, there is no correlation between need and eligibility for refunds. A better system could probably be devised for giving aid to persons adversely affected by natural disasters.

Estimated Fiscal Effect
During fiscal year 2009-2010, $259,134 in sales tax refunds were issued to victims of natural disasters. We are unable to predict the future fiscal effect.

176. 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

Administration
The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate. No refunds issued in previous years.

{ Refunds }

177. 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

Administration
The purpose of this provision is achieved in a fiscally effective manner. Lessors who lease durable medical equipment that is directly paid for by Medicare are allowed to exempt the lease payments from the sales tax.

Estimated Fiscal Effect
During fiscal year 2009-2010, $734,080 in sales tax refunds were issued for the purchase or lease of qualifying durable medical equipment. We are unable to predict the future fiscal effect.

178. 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
Unable to anticipate.

{ Refunds }

179. 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, 1st Ex. Sess. No. 7; Acts 2004 1st Ex. Sess., No. 14 ; Acts 2006, No. 76 ; Acts 2008, No. 232

Effective Date
July 8, 1988

Sunset Date
July 1, 2013

Beneficiaries
International tourists who travel and make purchases in Louisiana and the merchants who participate in the program

Administration
A commission was created to organize the program and appoint a refund agency to issue tax refunds to departing tourists.

Estimated Fiscal Effect
During fiscal year 2009-2010, $806,934 in sales tax refunds were under this program. We are unable to predict the future fiscal effect.

{ State Exemptions with Prohibitions on Taxation }

180. 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

Administration
The purpose of this prohibition is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this prohibition on taxation is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ State Exemptions with Prohibitions on Taxation }

181. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
$0; A constitutional amendment was passed on November 5, 2002, that fully exempted sales of food for preparation and consumption in the home effective July 1, 2003. Food items eligible to be purchased with food stamps or WIC vouchers would be exempted under the food exclusion.

182. 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/use 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

Administration
The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect
The estimated fiscal effect of this prohibition on taxation is included in the Five-Year Revenue Loss chart in the row labeled other exemptions.

{ State Exemptions with Prohibitions on Taxation }

183. 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

Administration
The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See under number 182, Sales Tax Section.

184. 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

Administration
The purpose of this provision is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 182, Sales Tax Section.

{ State Exemptions with Prohibitions on Taxation }

185. 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

Administration
The purpose of this prohibition is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$334,637,632	$341,330,385

186. 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

Administration
The purpose of this prohibition is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$148,898,757	$151,876,732

{ State Exemptions with Prohibitions on Taxation }

187. 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

Administration
The purpose of this prohibition is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 186, Sales Tax Section.

188. 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

Administration
The purpose of this prohibition is achieved in a fiscally effective manner.

Estimated Fiscal Effect
See number 186, Sales Tax Section.

Tax Incentives and Exemption Contracts

Tax Incentives and Exemption Contracts

{ 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
Fiscal Year 2009-2010

There were no significant changes to the tax incentives during the past year.

Tax Incentives and Exemption Contracts

Index of Exemption

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 secretaries of the Department of Revenue and Culture, Recreation and Tourism, chairmen of the Atchafalaya Trace Heritage Area Commission, House Committee on Ways and Means, and Senate Revenue and Fiscal Affairs Committee and 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 heritage area development zone 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 $750 credit for the business; and
- a $750 credit for each net new hires of one full-time or two part-time employee for a position that did not previously exist, and new employee must have been resident of the heritage area for at least 30 days prior to employment.
- Effective August 15, 2007 both credits may be granted for up to $1,500.

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 1st Ex. Sess., No. 112 ; amended by Acts 2007, No. 299

Effective Date

January 1, 2003

Sunset Date

No new applications to receive tax exemptions or credits will be accepted on or after January 1, 2012.

Beneficiaries

Heritage-based cottage industry located in the development zone

Administration

The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect

We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. During Fiscal Year 2009-10, $6,793 in individual income tax credits were granted.

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.

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

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 benefit by the tax credit. Citizens of the state benefit by the cleanup, redevelopment, and productive reuse of brownfields sites in the state.

Administration

The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect

We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. An analysis of the income and corporation franchise tax credits and exemptions for FY 2009-10 is as follows:

Fiscal Effect		
	FYE 6-10	**% of Total**
Corp. Income & Fran. Tax	$44,641	26.66%
Individual Income Tax	$44,641	73.34%
Total	$167,417	100.00%

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 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 hires of one full-time or two part-time employee for a position that did not previously exist, and new employee must have been resident of the heritage area for at least 30 days prior to employment.

Legal Citation

R.S. 47:6026

Origin

Acts 2007, No. 299

Effective Date

August 15, 2007

Sunset Date

January 1, 2012

Beneficiaries

Individuals and businesses engaged in heritage-based commercial activities in the Cane River Heritage area.

Administration

The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect

We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. During Fiscal Year 2009-10, $3,163 in individual income tax credits were granted.

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.

Administration

The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect

We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. During Fiscal Year 2009-10, $34,183 in individual income tax credits were granted.

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, and the state bond commission certifies to LED that there will be sufficient revenue received by the state from the project to offset the effect to the state of the tax credits.
   - After certification from the commission, LED may grant a tax credit equal to the total capital costs of a qualifying project to be taken at five percent per tax year; however, the total amount of credits granted on a qualifying project cannot exceed the total cost of the project.
   - Investors earn the credit at the time expenditures are made, but no credits can be applied against a tax liability 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.

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 and the state bond commission. 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 but only for the total amount of the allocation provided to the taxpayer by the secretary of the LED for such taxable year.
   - Credits will be allowed if the commissioner of administration certifies to LED that there will be sufficient revenue received by the state to offset the effect to the state of the tax credits and the Joint Legislative Committee on the Budget and the state bond commission approves certification.

5. Ports of Louisiana Tax Credits
(continued)

Application and Approval
An applicant for the Ports of Louisiana investor tax credit shall submit an application for initial certification of the qualifying project to LED.

LED shall submit its initial certification of a project as a qualifying project to the investing company and LDR.

Prior to any certification of a qualifying project, the investing company shall submit to LED a cost report of project expenditures which the LED may require to be prepared by an independent certified public accountant. In addition, DOTD will inspect the construction site to verify that the investing company has expended the capital costs expenditures associated with the credits. LED will review the expenditures and issue a certification letter to the investing company indicating the amount of tax credits certified for the state-certified qualifying project and the amount to be taken at five percent per tax year.

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.

Recapture of Credits
If LED finds that funds for which an investing company received credits are not invested in and expended in a qualifying project, the investing company's state income tax will be increased by an amount necessary for the recapture of credit.

Legal Citation
R.S. 47:6036

Origin
Acts 2009, No. 474

Effective Date
August 15, 2009, for taxable periods beginning on or after January 1, 2009.

5. Ports of Louisiana Tax Credits
(continued)

Sunset Date
January 1, 2015

Beneficiaries
Port facilities in the state

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts.

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. During Fiscal Year 2009-10, $6,939 in individual income tax credits were granted.

6. Motion Picture Investor Tax Credit

Louisiana taxpayers that invest in state-certified motion-picture productions can earn a tax credit at the time expenditures are made by a motion picture production company.

The credits cannot be applied against a tax or transferred until the expenditures are certified by the Governor's Office of Film and Television Development and LED. For state-certified productions, expenditures shall be certified no more than twice during the duration of a state-certified production unless the motion picture production company agrees to reimburse the Governor's Office of Film and Television Development and LED. for the costs of any additional certifications.

Tax Credit

The tax credit shall be calculated as a percentage of the total base investment dollars certified per project as follows:

1. For state-certified productions approved on or after January 1, 2004 to December 31, 2005:
   a. Total base investment greater than $300,000 and less than or equal to $8 million—10 percent tax credit.
   b. Total base investment greater than $8 million—15 percent tax credit.
2. For state-certified productions approved on or after January 1, 2006 to July 1, 2009:
   a. Total base investment greater than $300,000—25 percent tax credit.
   b. To the extent that base investment is expended on payroll for Louisiana residents employed in connection with the production—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 over $1 million.
3. For state-certified infrastructure projects approved on or after July 1, 2005 and if 50 percent of the project's initially certified total base investment has been expended by December 31, 2008:
   a. Total base investment is greater than $300,000 and is expended on a state-certified infrastructure project—40 percent tax credit and the credit per project is limited to $25 million.

6. Motion Picture Investor Tax Credit *(continued)*

4. For state-certified productions approved on or after July 1, 2009:
   a. Total base investment greater than $300,000—30 percent tax credit.
   b. To the extent that base investment is expended on payroll for Louisiana residents employed in connection with the production—additional tax credit of five percent of the payroll. However, if the payroll to any one person exceeds $1 million, this additional credit excludes any salary for that person over $1 million.

Limitations of Credit

- Motion picture investor tax credits may not exceed the total base investment in the production and the credit is allowed against the income tax for the taxable period in which the credit is earned. If the tax credit exceeds the amount of taxes due, then any unused credit may be carried forward as a credit against subsequent tax liability for ten years.
- Beginning January 1, 2006, a state-certified production that receives tax credits under R.S. 47:6007 will not be eligible to receive the rebates under the Louisiana Quality Jobs Program Act, R.S. 51:2451 et seq.

Application of the credit

- Individuals, estates, and trusts will claim the credit on their individual income tax return.
- Entities taxed as corporations will claim the credit on their corporation income tax return.
- Entities not taxed as corporations will claim the credit on the returns of the partners or members.

6. Motion Picture Investor Tax Credit *(continued)*

Transferability of the credit

- Any motion picture tax credits not previously claimed by any taxpayer against its income tax may be transferred or sold to another Louisiana taxpayer or to LED.
- Beginning January 1, 2007, the investor who earned the motion picture investor tax credits may transfer the credits to the LED for 72 percent of the face value of the credits.
- Beginning January 1, 2009, and every second year thereafter, the percent of the face value of the tax credits allowed for transferring credits to LED shall increase two percent until the percentage reaches 80 percent.
- For projects receiving initial certification on and after July 1, 2009, the investor who earned the motion picture investor tax credits may transfer the credits to LED for 85 percent of the face value of the credits.
- The transferee will apply the credits in the same manner and against the same taxes as the taxpayer originally awarded the credit.

Legal Citation

R.S. 47:6007

Origin

Acts 1992, No. 894; amended by Acts 1997, No. 658; Acts 2002, 1st Ex. Sess., No. 6; Acts 2003, No. 551; Acts 2003, No. 1240; Acts 2004, 1st Ex. Sess., No. 7; Acts 2005, No. 456; Acts 2007, No. 456; Acts 2009, No. 530 and 478

Effective Date

Taxable Periods beginning on or after January 1, 1993

Beneficiaries

Investors in state-certified motion picture productions

Administration

The purpose of this credit is achieved in a fiscally effective manner.

6. Motion Picture Investor Tax Credit *(continued)*

Estimated Fiscal Effect

We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. An analysis of the type of credits and exemptions for FY 2009-10 is as follows:

Fiscal Effect		
	FYE 6-10	**% of Total**
Investor Credit	$159,141,638	96.91%
Infrastructure Credit	$5,074,183	3.09%
Total	$164,215,821	100.00%

Of the Investor Credit, $23,280,222, or 14.63% is the fiscal effect for Investor credits sold back to the state.

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.

Any taxpayer who employs more than 50 Louisiana residents and claims a federal income tax credit under 26 U.S.C. §41(a) for increasing research activities is eligible for this tax credit. For expenditures made before 1/1/2009, the transferable credit is applied against income and corporation franchise taxes due and will carry forward for no more than ten tax years from the date of the award. For expenditures made on or after 1/1/2009, the credit is refundable.

Taxpayer must apply for the credit to LED and pay the $250 application fee. The department will approve or disapprove each application and no credits will be allowed unless approved by the department.

Research and Development Tax Credits Allowed

- Credits allowed for expenditures made in 2003 & 2004:
  1. Eight percent of the state's apportioned share of the taxpayer's expenditures for increasing research activities.
  2. 25 percent of the state's apportioned share of the federal research credit claimed for research expenditures in the state if the taxpayer claims the alternative incremental tax credit under 26 U.S.C. §41.
- Credits allowed for expenditures made in 2005 through 2008:
  1. Eight percent of the state's apportioned share of the taxpayer's expenditures for increasing research activities, if the taxpayer is an entity that employs 500 or more Louisiana residents.
  2. 20 percent of the state's apportioned share of the taxpayer's expenditures for increasing research activities, if the taxpayer is an entity that employs fewer than 500 Louisiana residents.
  3. 25 percent of the state's apportioned share of the federal research credit claimed for research expenditures in the state if the taxpayer claims the alternative incremental tax credit under 26 U.S.C. §41.

7. Research and Development Tax Credit Application of Tax Credits *(continued)*

- Credits allowed for expenditures made in 2009 and thereafter:
  1. Eight percent of the state's apportioned share of the taxpayer's expenditures for increasing research activities, if the taxpayer is an entity that employs 100 or more Louisiana residents.
  2. 20 percent of the state's apportioned share of the taxpayer's expenditures for increasing research activities, if the taxpayer is an entity that employs 50 to 99 Louisiana residents.
  3. 40 percent of the state's apportioned share of the taxpayer's expenditures for research activities, if the taxpayer is an entity that employs less than 50 Louisiana residents.
  4. 25 percent of the state's apportioned share of the federal research credit claimed for research expenditures in the state if the taxpayer claims the alternative incremental tax credit under 26 U.S.C. §41.
- The state's apportioned share of a taxpayer's expenditures for increasing research activities is the excess of the taxpayer's qualified research expenses for the taxable year over the base amount, as determined under 26 U.S.C. §41, multiplied by a percentage equal to the ratio of the qualified research expenses in this state for the taxable year to the taxpayer's total qualified research expenses for the taxable year.

Tax Credit for Federal Small Business Innovation Research Grants

Taxpayers who receive a federal Small Business Innovation Research Grants are allowed a credit as follows:

- For expenditures made in 2003 & 2004:—eight percent of the award received.
- For expenditures made in 2005 through 2008 —20 percent of the award received.
- For expenditures made in 2009 and thereafter—40 percent of the award received.

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:

7. Research and Development Tax Credit Application of Tax Credits *(continued)*

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.
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 partner's tax returns

Legal Citation
R.S. 47:6015

Regulations
LAC 13:I.2901 et seq.

Origin
Acts 2002 1st Ex. Sess., No. 9; amended by Acts 2005, No. 402, Acts 2009, No. 477

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, 2013

Beneficiaries
Qualifying taxpayers increasing research activities in Louisiana

7. Research and Development Tax Credit Application of Tax Credits *(continued)*

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. An analysis of the income and corporation franchise tax credits and exemptions for FY 2009-10 is as follows:

Fiscal Effect		
Corporate Income	**FYE 6-10**	**% of Total**
Corporate Income and Franchise Tax	$14,828,191	76.32%
Individual Income Tax	$4,600,246	23.68%
Total	$19,428,437	100.00%

8. Digital Interactive Media Producer Tax Credit

A transferable tax credit is allowed for investing in a state certified digital interactive media production in Louisiana. The tax credit is a percentage of investment in the production expended in the state.

The purpose of the digital interactive media producer 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.

Certification of Projects Eligible for Tax Credits

- The office of entertainment industry development in LED will determine what projects qualify for certification and will notify each company and the secretary of the LED.
- The initial certification will include a unique identifying number for each state-certified production.
- Prior to final certification of tax credits of a state-certified production or any portion thereof, the company shall submit to the office a cost report of production expenditures and a procedures and findings report issued by a CPA.
- After completion of all or a portion of a state-certified production, the office will review the production expenses.
- If the office and the secretary of LED approves the expenses, the office will issue to the company a certification letter that includes the state-certified production's identifying number.
- Any taxpayer applying for the credit shall be required to reimburse the Department of Revenue for any audits required in relation to granting the credit.

Tax Credit

- For applications for state-certified productions submitted to the office prior to July 1, 2009 and subsequently approved, an income tax credit will be earned by producers at the time funds are expended in Louisiana on a state-certified production as follows:
  1. For the 1st and 2nd years following certification—20 percent of the base investment for the year.
  2. For the 3rd and 4th years following certification—15 percent of the base investment for the year.

8. Digital Interactive Media Producer Tax Credit *(continued)*

  3. For the 5th and 6th years following certification—10 percent of the base investment for the year.
  4. After the 6th year—no tax credits.
- For applications for state-certified productions submitted on or after July 1, 2009, and subsequently approved, a digital interactive media company will earn an income or franchise tax credit at the time funds are expended in Louisiana on a state-certified production as follows:
  1. Credits is earned at a rate of 25 percent of base investment in all years.
  2. An additional credit equal to 10 percent of base investment expended on payroll of Louisiana residents employed in connection with a state-certified production.

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

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.

8. Digital Interactive Media Producer Tax Credit *(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.
- The transferee must apply the credits in the same manner and against the same taxes as the taxpayer originally awarded the credit.

Limitations on Credit

- Credit can not be used for any investments or expenditures that qualify for Motion Picture Investor Tax Credit (R.S. 47:47:6007)
- State-certified productions receiving this credit are not eligible for the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.)

Requirement to Continue Business in the State

- Any producer who has received the tax credit must commit to continue business operations in the state for at least one year after the certification of any tax credit.
- To meet the requirement for continuing business operations in the state, the producer's base investment in the year following certification of any tax credit must be at least 25 percent of the amount of the previous year's base investment.
- If a producer who has received the tax credit should not continue business operations in this state for one year after certification, the producer shall either:

  3. Surrender all credits earned within one year of the date the producer does not continue business operations in this state; or
  4. Pay back all credits earned within one year of the date the producer does not continue business operations in the state.

Legal Citation

R.S. 47:6022

Origin

Acts 2005, No. 346; amended by Acts 2009, No. 454

Effective Date

June 30, 2005

8. Digital Interactive Media Producer Tax Credit *(continued)*

Sunset Date

December 31, 2009

Beneficiaries

Taxpayers that invest in a state certified digital interactive media production in Louisiana benefit by this tax credit. Citizens of the state benefit from a more independent, self-supporting digital interactive media industry.

Administration

The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect

We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. During Fiscal Year 2009-10, $184,101 in individual income tax credits were granted.

9. Louisiana Motion Picture Incentive Program

The purpose of the Louisiana Motion Picture Incentive Act is to provide a financial incentive to the film industry in order that the state might compete with other states for filming locations. Under the act, the following incentives are allowed:

1. **State sales and use tax exclusion**

   The state sales and use tax exclusion expired January 1, 2006.

2. **Employment tax credit**

   A credit is allowed for qualified motion picture production companies for employment of Louisiana residents in the state-certified production of a qualified motion picture. The productions must receive the effective certification date before December 31, 2005. The credit allowed is 10 percent of the total payroll for residents employed in the production if the total qualified payroll is $300,000 or more during the taxable year or 20 percent if the total qualified payroll is $1 million or more during the taxable year. The credits are limited to the company's tax liability but may be carried forward for 10 years after the credit was earned.

   The credit may be applied to any income tax or corporation franchise tax liability applicable to the motion picture production company. If the motion picture production company is an entity not subject to income or franchise tax, the credit shall flow through to its partners or members as follows:

   - Corporate partners or members may claim their share of the credit on their corporation income or corporation franchise tax returns;
   - Individual partners or members may claim their share of the credit on their individual income tax returns.
   - Partners or members that are estates or trusts may claim their share of the credit on their fiduciary income tax returns.

Transferability of the credit

- Employment credits not used can be transferred in the same manner, conditions and procedures provided for Motion Picture Investor Tax Credits in R.S. 47:6007(C)(4).
- Any tax credits not previously claimed by any taxpayer against its income or franchise taxes may be transferred or sold to another Louisiana taxpayer or to LED.
- Beginning January 1, 2007, the investor who earned the credits may transfer the credits to LED for 72 percent of the face value of the credits.
- Beginning January 1, 2009, and every second year thereafter, the percent of the face value of the tax credits allowed for transferring credits to LED shall increase two percent until the percentage reaches 80 percent.
- For projects receiving initial certification on and after July 1, 2009, the investor who earned the employment tax credits may transfer the credits to LED for 85 percent of the face value of the credits.
- The transferee will apply the credits in the same manner and against the same taxes as the taxpayer originally awarded the credit.

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, 1st Ex. Sess., No. 1; Acts 2002, 1st 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.

Beneficiaries
Qualified production companies and Louisiana residents employed by such companies. State and local economies benefit by the infusion of capital.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. An analysis of the

10. Louisiana Motion Picture Incentive Program *(continued)*

sales tax and income and corporation franchise tax credits , all of which are employment credits, for FY 2009-10 is as follows:

Fiscal Effect		
	FYE 6-10	**% of Total**
Corp. Income & Fran. Tax	$768,754	56.44%
Individual Income Tax	$593,385	43.56%
Total	$1,362,139	100.00%

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.

10. Louisiana Capital Companies Tax Credit Program *(continued)*

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 e 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.

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.

10. Louisiana Capital Companies Tax Credit Program *(continued)*

Legal Citation
R.S. 51:1921 et seq.

Regulations
LAC 10:XV.301 et seq.

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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data. An analysis of the sales tax and income and corporation franchise tax credits and exemptions for FY 2007-08 is as follows:

Fiscal Effect		
	FYE 6-10	% of Total
Corp. Income & Fran. Tax	$11,259	5.05%
Individual Income Tax	$211,642	94.95%
Total	$222,901	100.00%

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
- The $50 million cap on the credit for initial investments made after July 1, 2007 has been reached.
- The $25 million dollar cap for investments made in 2008 authorized by Act 4 of the 2008 Second Extraordinary Session has been reached.
- The $12.5 million dollar cap for investments made in 2009 authorized by Act 4 of the 2008 2nd Extraordinary Session has been reached.
- Act 463 of the 2009 Regular Legislative Session makes the last $12.5 million in New Markets Tax Credits available on December 1, 2009.

11. New Markets Tax Credit *(continued)*

Legal Citation
R.S. 47:6016

Origin
Acts 2002, No. 66; amended by Acts 2005, No. 424; Acts 2007, No. 379; Acts 2009, 463

Effective Date
For tax years beginning on or after September 1, 2002

Sunset Date
No tax credits will be allowed for qualified equity investments made after August 31, 2013.

Beneficiaries
Private sector capital investors investing in certain low-income community investments

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Fiscal Effect		
	FYE 6-10	% of Total
Corp. Income & Fran. Tax	$3,668,042	20.71%
Individual Income Tax	$14,047,678	79.29%
Total	$17,715,720	100.00%

12. University Research and Development Parks

The Board of Commerce and Industry, with the approval of the governor and the Joint Legislative Committee, 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. The purpose of these tax exemption contracts is to encourage the development of university biomedical research and development parks.

Legal Citation
R.S. 17:3389

Regulations
LAC 13:I.1501 et seq.

Origin
Acts 1991, No. 1023

Effective Date
September 6, 1991

Beneficiaries
University-related research and development parks that meet the qualifying criteria will benefit from these exemptions. The people of the state should benefit through improved health care and improved economic conditions and the creation of jobs.

12. University Research and Development Parks *(continued)*

Administration
These tax exemption contracts are administered in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. During Fiscal Year 2009-10, $1,745 in individual income tax credits were granted.

13. Louisiana Biomedical Research and Development Park Program

The Board of Commerce and Industry, with the approval of the Governor and the Joint Legislative Committee, can grant tax exemption contracts for 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 the liability for corporate franchise, income, and state sales and use taxes of the business 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. The purpose of these tax exemption contracts is to encourage the development of biomedical research and development parks and university research and development parks.

Legal Citation
R.S. 46:811-814

Regulations
LAC 13:I.1301 et seq.

Origin
Acts 1990, No. 464

Effective Date
September 7, 1990

Repealed
Acts 2005, No. 487, effective July 12, 2005

Beneficiaries
Biomedical research and development parks meeting the qualifying criteria would benefit from these exemptions. The people of the state should benefit through improved health care and improved economic conditions and the creation of jobs.

13. Louisiana Biomedical Research and Development Park Program *(continued)*

Administration

These tax exemption contracts are administered in a fiscally effective manner.

Estimated Fiscal Effect

This program was repealed by Acts 2005, No. 487. No tax exemptions were granted under this program.

14. 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.

14. 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.

14. 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.

Effective Date

September 3, 1989

Beneficiaries

The companies that locate new manufacturing establishments, new headquarters, and new warehouse and distribution establishments in the state benefit from these exemptions. The people of the state benefit by the employment, production, and income from these new establishments.

Administration

These tax exemption contracts are administered in a fiscally effective manner.

Estimated Fiscal Effect

We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. An analysis of the types of credits and exemptions for FY 2009-10 is as follows:

Fiscal Effect		
	FYE 6-10	**% of Total**
Sales Tax Refunds	$6,344,011	43.93%
CIFT Exemptions	$8,098,142	56.07%
Total	$14,442,153	100.00%

15. Exemptions for Manufacturing Establishments

The purpose of the manufacturing establishments exemption 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, and 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).

15. Exemptions for Manufacturing establishments *(continued)*

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.
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 effects on applicant of temporary supply and demand conditions.
5. The effect of casualties and natural disasters.
6. The effects 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.

15. Exemptions for Manufacturing establishments *(continued)*

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.

Effective Date
September 10, 1982

Beneficiaries
Those companies that establish or expand manufacturing operations within the state benefit from the tax exemptions under this statute. The people of the state also benefit from the employment, production, and income from these businesses.

Administration
These tax exemption contracts are administered in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. An analysis of the types of credits and exemptions for FY 2009-10 is as follows:

Fiscal Effect		
	FYE 6-10	% of Total
Sales Tax Refunds	$316,013	24.69%
CIFT Exemptions	$963,703	75.31%
Total	$1,279,716	100.00%

16. Enterprise Zones

Enterprise zones are areas with high unemployment, low income, or a high percentage of residents receiving public assistance.

The Enterprise Zone Program is a jobs incentive program that creates income and franchise tax credits to businesses located in designated enterprise zones that create new jobs and hire at least 35 percent of their new jobs from one of four targeted groups. Because of the jobs creation, sales tax rebates may be available.

Applications
- LED, Business Incentives Division is responsible for administering the enterprise zone and economic development zone programs.
- The Board of Commerce and Industry is responsible for approving the enterprise zone applications.
- Applicants must submit an Advance Notification Form and a $100 fee to the LED Business Incentives Division before starting a project or construction.
- An Application Form and fee, which ranges from $200 to $5,000, must be filed within 90 days after the completion of the project or construction.
- After the Board approval, a 60-month contract is entered into between the Board and the applicant.
- An Inspection/Audit Affidavit Form must be submitted with a $100 fee within six months of completion of the project or returned with the signed original contract, whichever is later.

Eligibility
- Churches and businesses engaged in gaming or residential development are not eligible.
- The business must create a minimum number of permanent new jobs at the enterprise zone site from the project or construction start date as follows:
  1. Increase current statewide workforce by 10 percent (minimum of 1) within the first 12 months; or
  2. Create a minimum of five new jobs within the first 24 months.

16. Enterprise Zones *(continued)*

- To qualify for the tax credits
  1. New jobs must be filled by Louisiana residents who have been living in the state at least 30 consecutive days before being hired.
  2. Employees in 35 percent of new jobs created must meet at least one of the following four certification requirements:
     a. Residency
        1. If the company is located in an urban parish, the employee must live in an enterprise zone in the parish the company is located;
        2. If the company is located in a rural parish and located in an enterprise zone, the employee may live anywhere in the parish the company is located;
        3. If the company is located in a rural parish and not located in an enterprise zone, the employee must live in an enterprise zone in the parish where the company is located; or
        4. If the company is located in an Economic Development Zone, the employee may live anywhere in the parish the company is located.
        5. For contracts entered into on or after July 1, 2007, residency is met if the employee is a resident of any enterprise zone in Louisiana for all four situations listed above.

     b. Receiving some form of public income assistance prior to being employed.
     c. Considered unemployable by traditional standards or lacking basic skills.
     d. Physically challenged.

Jobs Tax Credit

- A one-time $2,500 jobs tax credit for each certified net new job created.
- A one-time $5,000 jobs tax credit for each certified net new job created in the aviation or aerospace industry, or by a motor vehicle parts manufacturer or rubber manufacturer.

16. Enterprise Zones *(continued)*

- Effective July 6, 2007, an employee must be a U.S. citizens 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 to exceed 24 months.

Investment tax credit

- Effective July 10, 2007, taxpayers are given the option between the 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.

16. 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.

Effective Date
September 11, 1981

Beneficiaries
Those companies that locate new business establishments in designated enterprise zones and meet the criteria of this statute benefit from these exemptions. The people living in these enterprise zones benefit from the employment, production, and income from these establishments.

Administration
These tax exemption contracts are administered in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. An analysis of the types of credits for FY 2009-10 is as follows:

Fiscal Effect		
	FYE 6-10	**% of Total**
Sales Tax	$27,796,287	25.37%
Jobs credit	$33,072,193	30.19%
Investment credit	$48,696,284	44.45%
Total	$109,564,764	100.00%

17. 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.

Certification of Eligible Projects
- Applications for initial project certification must be submitted to LED.
- The tax credit will be earned by investors at the time expenditures are certified by LED according to the total base investment certified for the sound recording production company per calendar year.
- LED will submit its initial certification of a project as a state-certified production or a state-certified sound recording infrastructure project to investors and to the secretary of the Department of Revenue.
- After certification, LED will submit a tax credit certification letter to the LDR on behalf of the investor who earned the credit. The credit will be paid by LDR directly to the investor without the investor having to claim the credit on a tax return.
- No credit will be allowed for any expenditures for which a motion picture investor tax credit was granted under R.S. 47:6007.
- Any taxpayer applying for the credit must reimburse LED for any audits required in relation to granting the credit.

Investor Tax Credit
- Until January 1, 2015, investors in state-certified productions certified on and after July 1, 2007, and state-certified infrastructure projects which have been applied for on or before August 1, 2009—25 percent of the base investment over $15,000.
- Sound recording investor tax credits may not exceed the total base investment in the project.

Limitation on Tax Credit
- The total amount of credits certified for all investors during any calendar year is limited to $3 million.
- Credits will be granted on a first-come, first-served basis.
- If the total amount of credits applied for exceeds $3 million, the excess will be treated as having been applied for on the first day of the subsequent year.

17. Sound Recording Investor Tax Credit *(continued)*

Recapture of Credits

If LED finds that funds for which an investor received credits are not invested in and expended with respect to a state-certified production within 24 months of the date that the credits are earned, the investor's state income tax for the taxable period will be increased by the amount necessary to recapture the credit.

Recovery of Credits

- Credits previously granted to a taxpayer, but later disallowed, may be recovered by the secretary of the Department of Revenue through any collection remedy authorized by R.S. 47:1561 and initiated within three years from December 31st of the year in which the 24 month investment period ends.
- Interest will be assessed and collected on recovered credits at a rate three percentage points above the rate provided in R.S. 9:3500(B)(1) computed from the original date of the return on which the credit was taken.

Legal Citation

R.S. 47:6023

Origin

Acts 2005, No. 485; amended by Acts 2007, No. 368; Acts 2009, No. 475

Effective Date

For tax years beginning on or after January 1, 2006

Sunset Date

January 1, 2015

Beneficiaries

Investors in state-certified sound recordings and infrastructure projects

Administration

The purpose of this credit is achieved in a fiscally effective manner.

Fiscal Effect		
	FYE 6-10	% of Total
Corp. Income & Fran. Tax	$330,204	70.82%
Individual Income	$136,061	29.18%
Total	$466,265	100.00%

18. 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 enterprise 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.

18. 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 the 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

18. Urban Revitalization Tax Incentive Program *(continued)*

Effective Date

July 1, 2005

Beneficiaries

Those businesses and industries that locate in urban revitalization zones will benefit by this program. The people living in these zones will also benefit from the employment, production, and income from these establishments.

Administration

These tax exemption contracts are administered in a fiscally effective manner.

Estimated Fiscal Effect

We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. During Fiscal Year 2009-10, $2,778 in corporation income and franchise credits were granted.

19. 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.

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. An analysis of the types of credits for FY 2009-10 is as follows:

Fiscal Effect		
	FYE 6-10	% of Total
Corp. Income & Fran. Tax	$18,000	79.61%
Individual Income	$4,611	20.39%
Total	$22,611	100.00%

20. Technology Commercialization Credit Program

The purpose of the technology commercialization credit program is to induce companies purchasing the rights to commercialize technology produced at a Louisiana university to locate and grow their businesses in Louisiana, to expand the economy of the state by enlarging its base of technology and research-based businesses, to enlarge the number of quality jobs available to an educated workforce to retain the presence of young people educated in Louisiana colleges and universities, and to attract and retain the finest research faculty to Louisiana universities.

Program Administration
- LED is responsible for implementing and administering the program.
- LED will certify the eligibility of applicants based on their qualifications.
- Once certified, LED will provide the taxpayer with documentation required to claim the credit.
- LED is responsible for administering the sale of certified technology commercialization credits to other taxpayers.

Qualifications
- The investment in commercialization costs, including investment by purchase or lease of machinery and equipment which is placed into and maintained in service in Louisiana that is directly related to the production of technology or is used to produce resources essential to the production of technology must be at least $250,000 in the first taxable year that the machinery and equipment is placed in service in Louisiana and at least $2 million by the end of the fourth tax year.
- To qualify for a technology commercialization credit for four additional years immediately after the first four years, the applicant must invest at least $250,000 in each succeeding tax year in commercialization costs for the production of technology or the production of resources essential to the production of technology.
- No technology commercialization credit may be granted for more than eight consecutive tax years at the same business location.

20. Technology Commercialization Credit Program *(continued)*

- No technology commercialization credit may be earned in a year in which the machinery and equipment in which an investment was made is not in regular service in Louisiana.
- No technology commercialization credit may be earned in a tax year for an investment for which any other tax credit based on research and development is provided by the state.
- A taxpayer who earns credits and fails to meet the requirement of not less than $2 million in investment in commercialization costs, including machinery and equipment by the end of the fourth tax year must repay to Louisiana the amount of all technology commercialization credits claimed and credited against tax liability, forfeit all other technology commercialization credits earned and retained for future use, and will be liable to the state for the price obtained for any credits sold.
- A taxpayer who earns credits and fails to meet the requirement of not less than $250,000 of investment by the end of each year in which a tax credit is granted will not be eligible for any tax credit in that taxable year, must repay any amounts allowed as a credit for that year, and will cease to qualify for any further credit for investment in that location.

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.
- Income or corporation franchise tax credits may be granted for 15 percent of the amount of money invested in commercialization costs for one business location.
- Credits will be granted for a period of not less than four tax years.
- Credits may be claimed in the tax year earned or retained for use in future tax years.

Sale of Tax Credits

- Taxpayers who are certified by LED to meet all of the following qualifications may sell all or any unused portion of its technology commercialization credits to other taxpayers for present or future use:

20. Technology Commercialization Credit Program *(continued)*

1. Is identified as a business in one of the traditional or seed clusters established by the LED as part of its organizational structure.
2. Has no more than 225 employees.
3. Not less than 75percent of all employees in the business are Louisiana residents.

- Taxpayers must sell their tax credits for at least 75 percent of the value.
- The purchaser of unused credits must apply the credits in the same manner and against the same taxes as the taxpayer applicant.

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.
- Tax credits claimed, either by the taxpayer or by a subsequent claimant, may not exceed 50 percent of the taxpayer's total income and corporation franchise taxes due after deducting all other credits except any tax payments made by the taxpayer.
- Tax credits will expire after 20 years.

Legal Citation

R.S. 51:2351 et seq.

Regulations

LAC 13:I.2701 et seq.

Origin

Acts 2002 1st Ex. Sess., No. 8, amended by Acts 2007, No. 41

Effective Date

Income tax years beginning after December 31, 2002, and franchise tax years beginning after December 31, 2003.

Sunset Date

December 31, 2006

However, taxpayers have twenty years to utilize the credit.

20. Technology Commercialization Credit Program *(continued)*

Reestablished
July 10, 2007

Beneficiaries
Qualifying individuals or businesses that invest in the commercialization of Louisiana technology

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. An analysis of the types of credits for FY 2009-10 is as follows:

Fiscal Effect		
	FYE 6-10	**% of Total**
Corp. Income & Fran. Tax	$191,979	60.50%
Individual Income	$125,353	39.50%
Total	$317,332	100.00%

21. 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.

21. Angel Investor Tax Credit Program *(continued)*

- The investment in the Louisiana Entrepreneurial Business by the applicant must be maintained for three years unless otherwise approved by LED.
- 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
- The investment in the Louisiana Entrepreneurial Business may not exceed $1 million per year per business and $2 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.
- Credits earned on or before December 31, 2005, shall not be allowed until the income tax period beginning January 1, 2006, and the franchise tax due January 1, 2007.
- Effective August 15, 2007, the credit is refundable.
- The credit is for 50 percent of the amount of money invested in the Louisiana Entrepreneurial Business divided in equal portions for five years limited to $1 million per year per business and $2 million total per business.
- The total angel investor tax credits granted by LED in any calendar year may not exceed $5 million.

21. Angel Investor Tax Credit Program *(continued)*

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

Effective Date
For income tax and franchise tax years beginning on or after January 1, 2005

Sunset Date
Null and void on December 31, 2009

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

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. An analysis of the types of credits and exemptions for FY 2009-10 is as follows:

Fiscal Effect		
	FYE 6-10	% of Total
Corp. Income & Fran Tax	$187,911	6.87%
Individual Income Tax	$2,546,610	93.13%
Total	$2,734,521	100.00%

22. Musical & Theatrical Productions Tax Credit

Musical & Theatrical Productions is five different income tax credits for musical or theatrical productions or musical or theatrical facility infrastructure projects.

Tax Credits

1. A credit for the qualified production expenditures made from investments in a state-certified musical or theatrical production. The tax credit is 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 of base investment.
   - Total base investment greater than $300,000 and less than or equal to $1 million—20 percent of base investment
   - Total base investment greater than $1 million—25 percent of base investment.
   - Twenty-five percent of total base investment must be certified, verified and approved by LED before any credit is earned.
2. A temporary credit for transporting the performance related property. The tax credit is calculated as a percentage of qualified transportation expenditures as follows:
   - For expenditures made through 2010—100 percent.
   - For expenditures made in 2011—50 percent.
   - For expenditures made in 2012—25 percent.
   - No credit allowed for transportation expenditures made after 12/31/2012.
3. A credit for the payroll of residents.
   - To the extent that base investment is expended on payroll for Louisiana residents employed in connection with the production—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 over $1 million.

22. Musical & Theatrical Productions Tax Credit *(continued)*

   - Credit does not include payroll expended on students.
4. A credit for employing college and vocational technical students.
   - An additional tax credit of one tenth of one percent of the amount expended to employ students enrolled in Louisiana colleges, universities, and vocational-technical schools.
5. A credit for the construction, repair, or renovation of facilities related to such productions and performances. Until January 1, 2014, a base investment credit may be granted for certified, verified, and approved expenditures or for investments made by a company or a financier in such infrastructure project which are, in turn, expended for such construction, repair, or renovation, not to exceed $10 million per state-certified infrastructure project.

Non-profit Community Theaters

Non-profit community theaters with a base investment greater than $25,000 but less than $300,000 in a limited state-certified production can receive a credit of 10% of the base investment for both 2009 and 2010. The total amount of credits issued for non-profit community theaters during any calendar year is limited to $250,000.

Limitation on tax credit:

- Tax credit can not exceed the total base investment in that production or infrastructure project and transportation expenditures.
- The total amount of credits certified for all state-certified infrastructure projects during any calendar year is limited to $60 million.
- Credits will be granted on a first-come, first-served basis.
- If the total amount of credits applied for exceeds $60 million, the excess will be treated as having been applied for on the first day of the subsequent year.
- 50% of the credits granted each year for infrastructure projects are reserved for projects located outside of Jefferson and Orleans parishes.
- Credit can not be used for any investments or expenditures that qualify for Motion Picture Investor Tax Credit (R.S. 47:47:6007) or Sound Recording Credit (R.S. 47:6023).
- Activities of state-certified productions or infrastructure projects qualifying for this credit are not eligible for the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.)

22. Musical & Theatrical Productions Tax Credit *(continued)*

Legal Citation
R.S. 47:6034

Origin
Acts 2007, No. 482, amended by Acts 2009, No. 448 and 465

Effective Date
The credit is available for expenditures for production, infrastructure, and transportation expenses, employment of Louisiana students, and employment of Louisiana residents made on or after July 19, 2007.

Sunset Date
The infrastructure credit expires January 1, 2014

Beneficiaries
Musical or theatrical productions or musical or theatrical facility infrastructure projects

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. During Fiscal Year 2009-10, $30,024 in individual income tax credits were granted.

23. 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.

Program Administration
Taxpayers must apply for and be granted the tax credit by LED. After consultation with the executive director of the Louisiana Workforce Commission and the secretary of the Department of Revenue, LED will approve the credit and issue the taxpayer a certificate to attach to their tax return.

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 increase of 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.

Tax Credit
The credit is granted at the rate of 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.

23. Retention and Modernization Credit *(continued)*

An employer earns the modernization tax credits in the year in which the project is placed in service, but the employer may not claim modernization tax credits until the department signs a project completion form.

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
- 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

23. Retention and Modernization Credit *(continued)*

Credit Limitations

The total amount of modernization tax credits granted by the LED in any calendar year can not exceed $10 million.

Legal Citation

R.S. 51:2399.1 through 51:2399.6

Origin

Acts 2009, No. 447

Effective Date

August 15, 2009

Beneficiaries

Owners and employees of businesses needing modernization

Administration

The purpose of this exemption is achieved in a fiscally effective manner

Estimated Fiscal Effect

We are uwnable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. During Fiscal Year 2009-10, $2,045 in individual income tax credits were granted.

24. 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 the 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.

24. 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.

24. Green Job Industries Credit *(continued)*

- 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
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

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.

Beneficiaries
Investors in green job industries

Administration
The purpose of this exemption is achieved in a fiscally effective manner

Estimated Fiscal Effect
$0; Dept. of Natural Resources has not received the letter of award.

25. 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.

Application Procedure
- Applicants must submit an Advance Notification and $100 processing fee to the LED, Business Incentives Division before locating a business, expanding an existing business, or creating new direct jobs.
- An application and application fee ranging from $200 to $5,000 must be filed within 90 days of the project beginning or the creation of jobs.

Eligibility
- To qualify a business must be in one of the following six Vision 2020 cluster industries:

1. Biotechnology and Biomedical
2. Micro-manufacturing
3. Software, Internet, and Telecommunications
4. Environmental 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 75 percent of its total annual sales to out-of-state customers or buyers and/or to in-state customers or buyers and 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. 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 and meet one of the following provisions:

25. Louisiana Quality Jobs Program
(continued)

1. A business with a NAICS Code having a direct state employer multiplier of 2.0 or greater as defined by the Regional Input/Output Multiplier System II;
2. A Central Administrative Office in which data processing, customer service, credit accounting, telemarketing, claims processing, other administrative functions are performed;
3. Have back office operations and telephone call center operations and NAICS Code of 56142;
4. A wholesale trade business, NAICS Code 42 and have a distribution center 25,000 square feet or greater;

- Insurance for full-time employees
  1. New quality job employees who work at least 35 hours per week or 30 hours per week if a Call Center, NAICS Code 56142, must be offered a basic health plan within 90 days.
  2. The employer must meet one of these provisions:
     e. Pay at least 85 percent of the basic health plan premium for individual coverage and 50 percent of the basic health plan premium for family plan coverage for employees with annual wages less than $50,000;
     f. Pay at least 70 percent of the basic health plan premium for individual coverage for employees with annual wages $50,000 or greater;
     g. For applications filed after July 1, 2004, the employer with 50 employees or less and classified in one of the Vision 2020 targeted industries must pay at least 50 percent of the basic health plan premium for individual coverage;
- Employers must create a minimum of five new direct jobs and must meet one of the following provisions:
  1. Employers with greater than 50 jobs must have a minimum of $500,000 gross annual payroll for new direct jobs within three years of the effective date of the contract;
  2. Employers with 50 jobs or less must have a minimum of $250,000 gross annual payroll for new direct jobs within three years of the effective date of the contract.

25. Louisiana Quality Jobs Program
(continued)

Benefit Rate

- For new direct jobs with pay at least 1¾ times the federal minimum hourly wage rate—five percent.
- For new direct jobs with pay at least 2¼ the federal minimum hourly wage rate and meet one of the following provisions—six percent.
  1. The new direct jobs are located in a distressed region designated by LED or at least 50 percent of the new direct jobs are filled persons who reside in the distressed region.
  2. The employer of the new direct jobs is categorized in a traditional or seed cluster.

Payroll Benefit

- The annual benefit is the benefit rate times the gross payroll of the new direct jobs.

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.

Investment Tax Credit

- Effective July 10, 2007, taxpayers are given the option between the 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.

25. Louisiana Quality Jobs Program
(continued)

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, 1st Ex. Sess., No. 39; Acts 2000, No. 46; Acts 2002, 1st 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

Effective Date
July 1, 1995

Beneficiaries
Those establishments that create new direct jobs and meet the program's requirements will benefit from the incentives and rebates offered under the program. The people of the state also benefit from the employment, production, and income from the businesses.

Administration
The purpose of this credit is achieved in a fiscally effective manner.

Estimated Fiscal Effect
We are unable to predict the future fiscal effect because the Department does not have data on approved or pending contracts. An analysis of the type of rebate, credits and exemptions for FY 2007-08 is as follows:

Fiscal Effect		
	FYE 6-10	**% of Total**
Sales Tax Rebate	$40,236,502	45.80%
Jobs Credit	$27,607,780	31.42%
Investment Credit	$20,009,508	22.78%
Total	$87,853,790	100.00%

Telecommunication Tax Exemption

Telecommunication Tax

{ 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 local exchange 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.

Tax Rate
5¢ per month per line.

Type of Tax Exemption
The only tax exemption provided for is a deduction. A deduction, for this purpose, is a specific reduction in the amount of tax due.

Significant Changes
Fiscal Year 2009-2010
There were no significant changes to the telecommunication tax laws during the past year.

{ Deduction }

Deduction of two percent for timely filing reports

A deduction of two percent of the tax collected is allowed for the timely reporting and remitting of the taxes due. The purpose of this deduction is to encourage compliance and to compensate companies for expenses related to the collection and remittance of this tax.

Legal Citation
R.S. 47:1061(A)(2)

Origin
Acts 1988, No. 660

Effective Date
September 1, 1988

Beneficiaries
The local telephone exchange companies operating in Louisiana who collect the tax from their customers

Administration
The purpose of this deduction is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$23,000	$23,000

Tobacco
Tax Exemptions

Tobacco Tax

{ 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 (Increase effective until June 30, 2012)

2002 Increased by 12/20¢ per cigarette to 36¢ per 20 pack

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; to the current six percent in 1972.

The tobacco tax is currently levied on tobacco 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.

Cigars and other tobacco products–invoice price.

Tax Rate
- Cigarettes – 1.8¢ per cigarette (36¢ 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.
- Smokeless tobacco – 20 percent of the manufacturer's invoice price.

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.

Tobacco Tax

{ Introduction }

There are two 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
Fiscal Year 2009-2010
There were no significant changes to the tobacco tax during the past year.

Tobacco Tax

Tobacco Tax

{ Discounts }

1. Discount of Six Percent for Tobacco Stamps

A six 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

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

Administration
The purpose of this discount is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$6,500,000	$6,500,000

2. Discount of six percent for timely filing reports

A six 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 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

Effective Date
January 1, 1975

Beneficiaries
Bonded Louisiana tobacco dealers that have direct purchasing contracts with manufacturers and timely file their tax reports

Administration
The purpose of this discount is achieved in a fiscally effective manner.

Estimated Fiscal Effect	
FYE 6-11	**FYE 6-12**
$1,200,000	$1,200,000

{ 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

{ Refund }

4. Return of Taxable Product to the Manufacturer

A refund or credit is allowed for the amount of tax paid on 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

Administration
The purpose of this refund is achieved in a fiscally effective manner.

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.

{ Federally Imposed Exemptions }

5. 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.

6. Interstate Shipments of Tobacco Products

Cigarettes 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

Administration
The purpose of this exemption is achieved in a fiscally effective manner.

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.