

RÉSUMÉ DIGEST

ACT 359 (HB 494)

2019 Regular Session

Abramson

New law provides for the determination of the political subdivision entitled to sales and use taxes on sales of raw materials converted into asphaltic concrete for use by a road contractor to fulfill a road material construction contract.

New law requires, for purposes of determining the political subdivision entitled to local sales and use tax, local sales and use taxes to be paid for sales of raw materials converted into asphaltic concrete documented for ultimate use by the road contractor pursuant to a road material construction contract as follows:

- (1) If the raw materials are purchased from a La. dealer and title or possession transfers to the road contractor at the dealer's place of business, sales tax is due in the taxing jurisdiction of the dealer.
- (2) If the raw materials are delivered to the road contractor and title or possession transfers at the road contractor's facility where the raw materials are converted into asphaltic concrete, the "retail sale" of the raw materials is deemed to occur where the asphaltic concrete is ultimately used by the contractor to fulfill the road material contract.
- (3) The exercise of any right or power over raw materials imported into a taxing jurisdiction for conversion into asphaltic concrete shall be deemed to be a "use" in the taxing jurisdiction in which the asphaltic concrete is ultimately used by the road contractor to fulfill the road material contract.

New law prohibits local sales or use taxes from being due to the taxing jurisdiction where the road contractor converts the raw materials into asphaltic concrete unless any of the following occurs in the taxing jurisdiction:

- (1) The road contractor purchases raw materials from a dealer and title or possession transfers to the road contractor at the dealer's place of business in the taxing jurisdiction where the road contractor converts the raw materials into asphaltic concrete.
- (2) The asphaltic concrete is ultimately used by the road contractor to fulfill a road material contract in the taxing jurisdiction in which the road contractor converts the raw materials into asphaltic concrete.
- (3) The road contractor makes a taxable sale of asphaltic concrete to a third party such that title or possession transfers to the purchaser in the taxing jurisdiction in which the road contractor converts the raw materials into asphaltic concrete.

Effective upon signature of governor (June 11, 2019).

(Adds R.S. 47:337.12.1)