HLS 19RS-208 ORIGINAL

2019 Regular Session

HOUSE BILL NO. 494

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BY REPRESENTATIVE ABRAMSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/SALES & USE: Provides relative to the determination of where sales and use taxes are due on purchases of certain raw materials manufactured into asphaltic concrete

AN ACT

2	To enact R.S. 47:337.12.1, relative to local sales and use taxes; to provide for the
3	determination of where taxes are due for certain materials used in road material
4	construction contracts; to provide for certain requirements and limitations; to provide
5	for an effective date; and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 47:337.12.1 is hereby enacted to read as follows:
8	§337.12.1. Road material construction contracts; determination of where tax is due;
9	requirements and limitations
0	A. Notwithstanding any other law to the contrary, for purposes of the
1	imposition of sales and use tax by any political subdivision of the state, any raw
12	materials manufactured into asphaltic concrete which have been documented for
13	ultimate use by the manufacturer pursuant to a road material construction contract
4	shall be subject to tax in the following manner:
15	(1) If the raw materials are delivered by the vendor to the manufacturer such
16	that title or possession, or both, transfers at the manufacturer's facility where the raw
17	materials are manufactured into asphaltic concrete, the "retail sale" of the raw
18	materials to the manufacturer is deemed to take place in the political subdivision
19	where the asphaltic concrete is actually used by the manufacturer to fulfill the road
20	material contract.

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	(2) The exercise of any right or power over raw materials imported into this
2	state for manufacture into asphaltic concrete shall be deemed to be a "use" in the
3	political subdivision where the asphaltic concrete is actually used by the
4	manufacturer to fulfill the road material contract.
5	B. No sales and use taxes shall be due to the taxing jurisdiction in which the
6	raw materials are manufactured into asphaltic concrete unless any of the following
7	occurs in the taxing jurisdiction:
8	(1) The manufacturer purchases and physically takes possession of the raw
9	materials at the vendor's place of business in the taxing jurisdiction where the raw
10	materials are manufactured into asphaltic concrete.
11	(2) The asphaltic concrete is ultimately used by the manufacturer in the
12	taxing jurisdiction where the raw materials are manufactured into asphaltic concrete
13	to fulfill a road material construction contract.
14	(3) The manufacturer makes a taxable sale of the asphaltic concrete to a third
15	party in the taxing jurisdiction where the raw materials are manufactured into
16	asphaltic concrete.
17	Section 2. This Act shall become effective upon signature by the governor or, if not
18	signed by the governor, upon expiration of the time for bills to become law without signature
19	by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
20	vetoed by the governor and subsequently approved by the legislature, this Act shall become
21	effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 494 Original

2019 Regular Session

Abramson

Abstract: Determines the political subdivision entitled to sales and use taxes on sales of raw materials manufactured into asphaltic concrete for use by a manufacturer to fulfill a road material construction contract.

<u>Proposed law</u> 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 manufactured

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into asphaltic concrete documented for ultimate use by the manufacturer pursuant to a road material construction contract as follows:

- (1) If the raw materials are delivered to the manufacturer and title or possession of the materials transfers at the manufacturer's facility where the raw materials are manufactured into asphaltic concrete, the "retail sale" of the raw materials to the manufacturer is deemed to take place in the political subdivision where the asphaltic concrete is actually used by the manufacturer to fulfill the road material contract.
- (2) The exercise of any right or power over raw materials imported into this state for manufacture into asphaltic concrete shall be deemed to be a "use" in the political subdivision where the asphaltic concrete is actually used by the manufacturer to fulfill the road material contract.

<u>Proposed law</u> prohibits local sales and use taxes from being due to the taxing jurisdiction where the raw materials are manufactured into asphaltic concrete unless any of the following occurs in the taxing jurisdiction:

- (1) The manufacturer purchases and physically takes possession of the raw materials at the vendor's place of business in the taxing jurisdiction where the raw materials are manufactured into asphaltic concrete.
- (2) The asphaltic concrete is ultimately used by the manufacturer in the taxing jurisdiction where the raw materials are manufactured into asphaltic concrete to fulfill a road material construction contract.
- (3) The manufacturer makes a taxable sale of the asphaltic concrete to a third party in the taxing jurisdiction where the raw materials are manufactured into asphaltic concrete.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:337.12.1)