

Regular Session, 2011

HOUSE BILL NO. 616

BY REPRESENTATIVE BALDONE

TAX/SALES & USE: Provides for changes to the exemption for ships and ships' supplies

1 AN ACT

2 To amend and reenact R.S. 47:305.1(C)(3)(a) and to enact R.S. 47:305.1(C)(6), relative to  
3 sales and use tax; to provide with respect to the exemption for ships and ships'  
4 supplies; to add to the exemption certain component parts used in the reconstruction  
5 of a vessel; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:305.1(C)(3)(a) is hereby amended and reenacted and R.S.  
8 47:305.1(C)(6) is hereby enacted to read as follows:

9 §305.1. Exclusions and exemptions; ships and ships' supplies

10 \* \* \*

11 C.

12 \* \* \*

13 (3) For purposes of this Section, the term "component part" or "component  
14 parts" shall mean and include any item or article of tangible personal property that  
15 is:

16 (a) Incorporated into, attached to, or placed upon a ship, vessel, barge,  
17 commercial fishing vessel, drilling ship, or drilling barge (collectively referred to in  
18 this Section as "vessel" or "vessels") during either (i) the construction or  
19 reconstruction of such vessel in the case of the exemption provided in Subsection A

1 of this Section, or (ii) the repair of such vessel in the case of the exemption provided  
2 for in Subsection B of this Section;

3 \* \* \*

4 (6) For purposes of this Section, the term "reconstruction" shall mean and  
5 include sales of materials, equipment, and machinery which enter into and become  
6 component parts of a vessel, when the materials, equipment, and machinery to any  
7 of the following:

8 (a) Modifies the vessel to serve a different function, such as conversion of  
9 a deck barge to a crane barge;

10 (b) Restores a vessel to seaworthiness following its destruction by sinking,  
11 collision, or fire;

12 (c) Represent an investment of more than fifty percent of the vessel's value;

13 or

14 (d) Increases the value of the vessel by more than fifty percent of its value  
15 before the materials, equipment, and machinery are added.

16 \* \* \*

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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)]

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Baldone

HB No. 616

**Abstract:** Broadens the sales and use tax exemption for ships and ships' supplies to include component parts used in the reconstruction of a vessel.

Present law exempts from state and local sales and use taxes component parts used in the construction or repair of a vessel.

Proposed law retains present law and adds an exemption for component parts used in the reconstruction of a vessel. "Reconstruction" is defined to include various specific modifications and repairs to a vessel.

(Amends R.S. 47:305.1(C)(3)(a); Adds R.S. 47:305.1(C)(6))