

Sales Tax Streamlining and Modernization Commission

Minutes of Meeting
2016 Interim Session
Wednesday, November 2, 2016

I. CALL TO ORDER

Representative Julie Stokes, chairman of the Sales Tax Streamlining and Modernization Commission, called the meeting to order at 9:46 a.m. in Room 5, in the state capitol in Baton Rouge, Louisiana. The secretary called the roll.

II. ROLL CALL

MEMBERS PRESENT:

Representative Julie Stokes, chairman
Don Allison
Roger Bergeron
Jay Campbell
Tom Cole for Daryl Purpera
Jessica Elliott
Dannie Garrett
Will Green
Paula Jeansonne
Representative Jim Morris, vice chair
Jim Patterson
Natalie Robottom
Secretary Kimberly Robinson
Senator Gary Smith
Dawn Starns
Jeanine Theriot
Mark West

MEMBERS ABSENT:

Scott Drenkard
Brandon Lagarde
Senator Rick Ward

STAFF MEMBERS PRESENT:

Linda Hopkins, secretary
Elise Read, senior legislative analyst
Tina Vanichchagorn, attorney

ADDITIONAL ATTENDEES PRESENT:

Danny Leming, house sergeant at arms
James Bullock, senate sergeant at arms

III. ORDER OF BUSINESS

Representative Stokes opened the meeting by thanking members of the commission for their continued help and support, and explained the Commission's goals.

The first items were Item #11, "Purchases of Manufacturing Machinery and Equipment"; Item #77, "Purchases by Motor Vehicle Manufacturers", Item #78, "Purchases by Glass Manufacturers"; Item #23, "Property Used in the Manufacture, Production, or Extraction of Unblended Diesel"; Item #80, "Purchases of Machinery and Equipment by Certain Utilities"; Item #99, "Sales of Water - Nonresidential"; Item #98, "Sales of Steam - Nonresidential"; Item #150, "Utilities Used by Steelworks and Blast Furnaces"; Item #13, "Purchases of Electric Power and Natural Gas by Paper or Wood Products Manufacturing Facilities"; Item #33, "Electricity for Chlor-Alkali Manufacturing Process"; Item #32, "Natural Gas Used in the Production of Iron"; Item #42, "Pelletized Paper Waste Used in a Permitted Boiler"; Item #103, "Materials and Energy Sources Used for Boiler Fuel"; Item #102, "Sales of Natural Gas - Nonresidential", and Item #100, "Sales of Electric Power or Energy - Nonresidential". Members referred to the exemptions on the color spreadsheet entitled, "Sales Tax Exemptions and Exclusions - as of November 2, 2016" by number.

Present to speak were Roy Austin, Entergy, 639 Loyola Avenue, New Orleans, LA 70113, (504) 576-4345, (Item #80)"Purchases of Machinery and Equipment by Certain Utilities"; Camille Conaway, LA Association of Business and Industry, 313 Valley Creek, Baton Rouge, LA 70808, (225) 620-5711; Bob Baumann, Hood, Baumann & Associates, 616 Spanish Town Road, Baton Rouge, LA 70802, (225) 328-0330; Bob Schromm, LA Chemical Association, One American Plaza, Suite 2040, Baton Rouge, LA 70825, (225) 376-7652, and Chris DeCharry, LA Chemical Association, 400 Convention Street, Suite 700, Baton Rouge, LA, (225) 382-3492. Discussion included purchases of manufacturing machinery and equipment (MM & E), natural gas storage facilities, and business utilities.

Mr. Patterson offered a motion to defer action on Item #11; Item #77; Item #78; Item #23; Item #80; Item #99; Item #98; Item #150; Item #13; Item #33; Item #32; Item #42; Item #103; Item #102, and Item #100. Without objection, the motion passed by a vote of 16 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Bergeron, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Ms.

Jeansonne, Rep. Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Robottom, Senator Gary Smith, Ms. Starns, and Ms. Theriot voted yea.

The meeting recessed at 12:21 p.m. and reconvened at 12:52 p.m.

Representative Stokes reviewed "Manufacturing Machinery and Equipment (MM & E) for Radio and Newspapers". Specifically, Item #12, "Purchases of Certain Machinery and Equipment Used to Produce a News Publication" and Item #79, "Purchases of Machinery and Equipment by Owners of Certain Radio Stations".

Present to speak for information were Polly Prince Johnson, Louisiana Association of Broadcasters, 660 Florida, Baton Rouge, LA 70801, (225) 267-4522 and Pamela Mitchell, Louisiana Press Association, 404 Europe Street, Baton Rouge, LA 70802, (225) 344-9303.

Mr. Bergeron offered a motion to defer Item #79 and Item #12, to which Ms. Jeansonne objected. Ms. Jeansonne offered a substitution motion to review Item #12 as Manufacturing Machinery and Equipment, and remove Item #79, but have it as a rebate for businesses required to purchase the property by federal regulations. Ms. Starns objected to the substitute motion. After further discussion, Ms. Jeansonne withdrew the substitute motion. The commission returned to Mr. Bergeron's original motion to defer Item #12 and Item #79. Without objection, the motion passed by a vote of 16 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Bergeron, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Ms. Jeansonne, Rep. Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Robottom, Senator Gary Smith, Ms. Starns, and Ms. Theriot voted yea.

Representative Stokes indicated that Item #142, "Raw Materials Used in the Printing Process" would be deferred since Item #142 was not listed on the list of items to be discussed, it could not be reviewed.

Representative Stokes reviewed Item #63, "Repairs, Renovations or Conversions of Drilling Rigs" and Item #108, "Repairs and Materials Used on Drilling Rigs and Equipment". Representative Stokes offered a motion to retain Items #63 and #108 as a consolidated exemption. Without objection, the motion passed by a vote of 16 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Bergeron, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Ms. Jeansonne, Rep. Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Robottom, Senator Gary Smith, Ms. Starns, and Ms. Theriot voted yea.

Representative Stokes reviewed Item #169, "Helicopters Leased For Use in the Extraction, Production, or Exploration For Oil". Representative Stokes offered a motion to retain Item #169. Without objection, the motion passed by a vote of 16 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Bergeron, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Green, Ms. Jeansonne, Rep. Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Robottom, Senator Gary L. Smith, Ms. Starns, Ms. Theriot, and Mr. West voted yea.

Representative Stokes reviewed Item #168, "Certain Interchangeable Components; Optional Method to Determine". Representative Stokes offered a motion to retain Item #168. Without objection, the motion passed by a vote of 16 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Bergeron, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Green, Ms. Jeansonne, Rep. Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Robottom, Senator Gary L. Smith, Ms. Starns, Ms. Theriot, and Mr. West voted yea.

Representative Stokes reviewed Item #9, "Purchases of Consumables by Paper and Wood Manufacturers and Loggers". Secretary Robinson and Mr. Patterson shared that those who were to testify today were absent due to prior engagements. Mr. Allison offered a motion to retain Item #9 with a base difference. Representative Stokes offered a substitute motion to defer. Without objection, the motion to defer passed by a vote of 16 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Bergeron, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Green, Ms. Jeansonne, Rep. Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Robottom, Senator Gary L. Smith, Ms. Starns, Ms. Theriot, and Mr. West voted yea.

Representative Stokes reviewed Item #24, "Leases or Rentals of Pallets Used in Packaging Products Produced by a Manufacturer". Ms. Starns first offered a motion to eliminate Item #24. Ms. Starns restated the motion, "To eliminate Item #24 based on the preliminary recommendation", to which Representative Jim Morris objected. Representative Stokes offered a substitute motion to defer Item #24. The motion to defer passed by a vote of 8 yeas and 6 nays. Mr. Bergeron, Mr. Cole, Ms. Jeansonne, Ms. Toler, Senator Gary Smith, Ms. Starns, Ms. Theriot and Mr. West voted yea; Mr. Allison, Mr. Campbell, Ms. Elliott, Mr. Green, Rep. Jim Morris, and Mr. Patterson voted nay.

Representative Stokes reviewed Item #49, "Natural Gas Held, Used, or Consumed in Providing Natural Gas Storage Services or Operating Natural Gas Storage Facilities". Representative Stokes offered a motion to eliminate Item #49, to which there was no objection. The motion passed by a vote of 16 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Bergeron, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Green, Ms. Jeansonne, Rep. Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Robottom, Senator Gary L. Smith, Ms. Starns, Ms. Theriot, and Mr. West voted yea.

Representative Stokes reviewed Item #83, "Use Tax on Residue or By-Products Consumed by the Producer", and Ms. Stokes offered a motion to retain. Without objection, the motion passed by a vote of 16 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Bergeron, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Green, Ms. Jeansonne, Rep. Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Robottom, Senator Gary L. Smith, Ms. Starns, Ms. Theriot, and Mr. West voted yea.

Representative Stokes reviewed "Sales in Public Facilities"; Item #55, "Qualifying Events Providing Louisiana Heritage, Culture, Crafts, Art, Food, and Music Sponsored By a Domestic Nonprofit Organization"; Item #88, "Sales at Certain Publicly-Owned Facilities", and Item #87, "Sales at State-Owned Domed Stadiums". Ms. Theriot offered a motion to add Items #55 and #88 to the amusement tax, but revisit if it is determined that the local portion would require a vote. Without objection, the

motion passed by a vote of 16 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Bergeron, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Ms. Jeansonne, Rep. Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Robottom, Senator Gary Smith, Ms. Starns, and Ms. Theriot voted yea.

Representative Stokes moved to the second part of Items #55, #88, and #87, and offered a motion to tax parking and tangible personal property sold at those events, as a sales tax. Without objection, the motion passed by a vote of 16 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Bergeron, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Ms. Jeansonne, Rep. Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Robottom, Senator Gary Smith, Ms. Starns, and Ms. Theriot voted yea.

Representative Stokes moved to the final page in the handout, reviewing Items #4, "Isolated or Occasional Sales of Tangible Personal Property"; Item #174, " 'Sales or cost price' of Refinery Gas", and Item #54, "Sale of Anthropogenic Carbon Dioxide Used in Qualified Tertiary Recovery Projects". Mr. Campbell offered a motion to defer Item #4, Item #174, and Item #54 until the Louisiana Dept. of Revenue had more information. (THIS MOTION GOES WITH THE THREE ITEMS BELOW)

Representative Stokes reviewed Item #29, "Purchases by Nonprofit Entities that Sell Donated Goods (Goodwill, Salvation Army, St. Vincent de Paul, and United Way); Item #181, "Sales Tax Collected by a Qualified Charitable Institution (Goodwill, Salvation Army, St. Vincent de Paul, and United Way), and Item #39, "Tangible Personal Property Sold to Food Banks". Mr. Campbell offered a motion to retain Items #29 and #39, and that they be retained as a consolidated exemption and Item #181, to be retained as a rebate. Without objection, the motion passed by a vote of 13 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Bergeron, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Green, Representative Jim Morris, Ms. Toler, Senator Gary Smith, Ms. Starns, Ms. Theriot, and Mr. West voted yea.

IV. OTHER BUSINESS

There was no other business.

V. ADJOURNMENT

Ms. Theriot offered a motion to adjourn. Without objection, the motion passed by a vote of 13 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Bergeron, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Green, Representative Jim Morris, Ms. Toler, Senator Gary Smith, Ms. Starns, Ms. Theriot, and Mr. West voted yea.

The meeting was adjourned at 3:06 p.m.

Respectfully submitted,

Chairman Julie Stokes
Sales Tax Streamlining and Modernization Commission