

## **Sales Tax Streamlining and Modernization Commission**

Minutes of Meeting  
2017 Interim Session  
Monday, January 9, 2017

### **I. CALL TO ORDER**

Representative Julie Stokes, chairman of the Sales Tax Streamlining and Modernization Commission, called the meeting to order at 10:20 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  
Mr. Don Allison  
Mr. Jay Campbell  
Mr. Tom Cole  
Ms. Jessica Elliott  
Mr. Dannie Garrett  
Mr. Will Green  
Mr. Brandon Lagarde  
Rep. Jim Morris  
Mr. Jim Patterson  
Secretary Kimberly Robinson  
Ms. Natalie Robottom  
Senator Gary Smith  
Ms. Dawn Starns  
Ms. Jeanine Theriot  
Senator Rick Ward  
Mr. Mark West

#### **MEMBERS ABSENT:**

Mr. Roger Bergeron  
Mr. Scott Drenkard  
Ms. Paula Jeansonne

**STAFF MEMBERS PRESENT:**

Ms. Linda Hopkins, Secretary  
Ms. Elise Read, Senior Legislative Analyst  
Ms. Tina Vanichchagorn, Attorney

**ADDITIONAL ATTENDEES PRESENT:**

Mr. Joshua Marcelle, Senate Sergeant at Arms

**III. DISCUSSION**

Representative Stokes opened the meeting by taking up *Item #188, "Sales of Food for Preparation and Consumption in the Home"*, (Exemption Listing for January 9, 2017) and *Handout: Stelly Exemptions*, which covers food, drugs, and utilities. Mr. Campbell offered a motion to eliminate the exemption on food in the home in favor of a decrease in sales tax percentage by approximately a half-penny, and also to remove the reference to the food definition from the constitution, to which Secretary Robinson objected. The motion passed by a vote of 9 yeas and 7 nays. Mr. Allison, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Lagarde, Mr. Patterson, Mr. Campbell, Senator Smith, and Senator Ward voted yea; Mr. Green, Representative Morris, Secretary Robinson, Ms. Robottom, Ms. Starns, Ms. Theriot, and Mr. West voted nay.

Representative Stokes moved to *Item #192, "Drugs Prescribed by Physicians or Dentists as Defined in R.S. 47:301(20)"* and offered a motion to retain the constitutional sales tax exemption on drugs, to which there was no objection. The motion passed by a vote of 17 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Mr. Lagarde, Representative Morris, Mr. Patterson, Mr. Campbell, Secretary Robinson, Ms. Robottom, Senator Gary Smith, Ms. Starns, Ms. Theriot, Senator Ward, and Mr. West voted yea.

Representative Stokes moved to *Item #189, "Sales of Electric Power or Energy to the Consumer for Residential Use"*; *Item #190, "Sales of Natural Gas to the Consumer for Residential Use"*, and *Item #191, "Sales of Water to the Consumer for Residential Use"*. Mr. Garrett offered a motion to leave the exemption as-is from a base standpoint, to which there was no objection. The motion passed by a vote of 17 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Mr. Lagarde, Representative Morris, Mr. Patterson, Mr. Campbell, Secretary Robinson, Ms. Robottom, Senator Gary Smith, Ms. Starns, Ms. Theriot, Senator Ward, and Mr. West voted yea.

Representative Stokes moved to *Item #46, "Purchases of Propane and Butane by a Person"*, and *Item #137, "Purchases of Certain Fuels for Private Residential Consumption"*.

Secretary Robinson offered a motion to eliminate *Item #46*, and retain *Item #137*, to which there was no objection. The motion passed by a vote of 17 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Mr. Lagarde, Representative Morris, Mr. Patterson, Mr. Campbell, Secretary Robinson, Ms. Robottom, Senator Gary Smith, Ms. Starns, Ms. Theriot, Senator Ward, and Mr. West voted yea.

Present to speak for information was Mr. Randy Hayden, Louisiana Propane Gas Association, P. O. Box 14204, Baton Rouge, LA, (225) 763-8922.

Representative Stokes moved to *Item #183, "Sales of Gasoline, Gasohol, and Diesel"* and offered a motion to retain the constitutional exemption, to which there was no objection. The motion passed by a vote of 17 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Mr. Lagarde, Representative Morris, Mr. Patterson, Mr. Campbell, Secretary Robinson, Ms. Robottom, Senator Gary Smith, Ms. Starns, Ms. Theriot, Senator Ward, and Mr. West voted yea.

Representative Stokes moved to *Item #132, "Sales of Gasohol"*, and *Item #97, "Sales of Gasoline (not subject to motor fuels tax)"*, and offered a motion to retain the exemption in place for all pennies unless a decision is made to let the voters opt to remove the constitutional exemption on sales tax on gasoline, to which there was no objection. The motion passed by a vote of 17 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Mr. Lagarde, Representative Morris, Mr. Patterson, Mr. Campbell, Secretary Robinson, Ms. Robottom, Senator Gary Smith, Ms. Starns, Ms. Theriot, Senator Ward, and Mr. West voted yea.

Representative Stokes moved to *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"*. (*Handout: Proposals Concerning the Imposition of Taxes Upon Admissions to Events*) Representative Stokes indicated that these items were discussed at a previous meeting, but there was ambiguity on what was done. She believed we were going to take these items out of sales tax and move them to amusement tax, so that base disuniformity would not have an impact on them. After staff reviewed the broadcast, the understanding was that the commission was going to impose sales tax at the state level and allow locals to opt in and out of amusement tax. Representative Stokes commented that this would not meet the definition of uniformity, so the option to have the amusement tax at the state level is what she recommended.

Representative Stokes offered a motion to reconsider the vote from November 2, 2016. Without objection, the motion passed by a vote of 13 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Green, Mr. Lagarde, Mr. Patterson, Secretary Robinson, Ms. Robottom, Ms. Starns, Senator Ward, and Mr. West voted yea.

Representative Stokes offered a motion on *Items #55, #87, and #88* to clarify that the tax imposed by the state be treated as an amusement tax and that local governments may opt in or out as they so wish. Without objection, the motion passed by a vote of 13 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Mr. Lagarde, Mr. Patterson, Secretary Robinson, Ms. Starns, Senator Ward, and Mr. West voted yea.

After further discussion, Representative Stokes asked that the commission reconsider the previous motion to treat it as an amusement tax.

Representative Stokes withdrew the motion on *Items #55, #87, and #88* to clarify that the tax imposed by the state be treated as an amusement tax, and offered another motion to defer until the January 24, 2017, meeting. Without objection, the motion passed by a vote of 14 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Mr. Lagarde, Representative Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Starns, Senator Ward, and Mr. West voted yea.

Present to speak for information was Rodney Braxton, City of New Orleans, 543 Spanish Town Road, Baton Rouge, LA 70802, (225) 381-0166.

Representative Stokes moved to *Item #175, "Vendor's Compensation"*, and offered a motion to defer to the January 24, 2017 meeting. Without objection, the motion passed by a vote of 14 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Mr. Lagarde, Mr. Patterson, Secretary Robinson, Senator Gary Smith, Ms. Starns, Senator Ward, and Mr. West voted yea.

Representative Stokes moved to *Item #62, "Repair Services Performed in Louisiana When the Repaired Property is Exported"*, and indicated that this item was discussed at the October 4, 2016, meeting. Ms. Starns had offered a successful motion to retain and extend to local governments; however, some commission members wished to reconsider the vote as it was misunderstood. Mr. West offered a motion for reconsideration of *Item #62*, to which Ms. Starns objected. The motion to reconsider failed by a vote of 6 yeas and 9 nays. Mr. Garrett, Secretary Robinson, Ms. Robottom, Senator Gary Smith, Ms. Theriot, and Mr. West voted yea; Mr. Allison, Mr. Cole, Ms. Elliott, Mr. Green, Representative Morris, Mr. Patterson, Mr. Campbell, Ms. Starns, and Senator Ward voted nay.

Representative Stokes moved to *Item #109, "Sales of 50-ton Vessels and New Component Parts and Sales of Certain Materials and Services to Vessels Operating in Interstate Commerce"*. This item was discussed at the September 20, 2016 meeting, and Representative Stokes' motion to retain, as is, passed without objection. On September 20, 2016, Ms. Theriot offered a successful motion to research redefining "*interstate commerce*" with respect to *Item #109*. During the October 18, 2016, meeting, there was discussion of redefining "*interstate commerce*", but Representative Stokes offered

a successful motion to defer. A meeting was held with several commission members and a small group of industries who deal with services to vessels. The decision that came out of that meeting was to do nothing. Ms. Theriot offered a motion to reconsider the definition of "*interstate commerce*", to which Ms. Starns objected. The motion failed by a vote of 5 yeas and 11 nays. Mr. Garrett, Secretary Robinson, Ms. Robottom, Ms. Theriot, and Mr. West voted yea; Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Green, Mr. Lagarde, Representative Jim Morris, Mr. Patterson, Senator Gary Smith, Ms. Starns, and Senator Ward voted nay.

Representative Stokes moved to *Item #4, "Isolated or Occasional Sales of Tangible Personal Property"*. Secretary Robinson offered a motion to retain the exemption and to supplement that with this additional definition as listed in Number 3 on Page 2 of the handout, "*Isolated and Occasional Sales...background*" less items noted as 'fff', to which Representative Jim Morris objected. After further discussion, Representative Morris withdrew his objection. The motion was adopted by a vote of 13 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Mr. Lagarde, Representative Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Theriot, and Senator Ward voted yea.

Representative Stokes moved to *Item #68, "Certain Geophysical Survey Information and Data Analyses"*; *Item #69, "Work Products of Certain Professionals"*, and *Item #6, "Installations of Board Roads to Oil-Field Operators"* and stated that consideration of those three exclusions should be taken up after a general discussion of "services" based upon the balance of the list of Texas services which were postponed for consideration at this meeting. Mr. Green offered a motion to not tax insurance services, to which there was no objection. The motion was adopted by a vote of 13 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Mr. Lagarde, Representative Jim Morris, Mr. Patterson, Secretary Robinson, Ms. Theriot, and Senator Ward voted yea.

Secretary Robinson stated that without hearing from the insurance industry, the commission does not know their perspective. Representative Morris offered a motion to not tax *Items #1 (Insurance Services), #2 (Utility Transmission and Distribution), #3 (Debt Collection), #5 (Non-Residential Real Property Repair Restoration and Remodeling), and #8 (Data Processing)*. Ms. Starns offered a substitute motion that this commission does not wish to impose taxes on these items and would defer that task to the legislature on a separate bill, including expansion of the base in lowering the rate. Representative Morris withdrew his motion. Ms. Starns withdrew her substitute motion.

Representative Stokes offered a motion to not recommend taxation on *Items #1 (Insurance Services), #2 (Utility Transmission and Distribution), #3 (Debt Collection), #5 (Non-Residential Real Property Repair Restoration and Remodeling), and #8 (Data Processing)*, to which Secretary Robinson objected. The motion was adopted by a vote of 12 yeas and 1 nay. Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Green, Mr. Lagarde, Representative Jim Morris, Mr. Patterson, Ms. Robottom, Senator Smith, and Ms. Starns voted yea; Secretary Robinson voted nay.

Representative Stokes moved to the remaining items on the handout: *Items #2 (Utility Transmission and Distribution); #4 (Taxable Labor: Photographers Draftsmen, Artists, etc.), and #6 (Cable, Satellite, and Video and Audio Streaming Services).*

Representative Stokes and Ms. Starns voiced their concern that a structure or framework was needed in order to understand professional vs. non-professional or limited services. After considerable discussion, the commission requested a framework from the Dept. of Revenue for the January 24, 2017, meeting.

Present to speak were Stephanie Chavis Guillory and Emily Toler, Dept. of Revenue, 617 North Third Street, Baton Rouge, LA 70802, (225) 219-2780.

Representative Stokes offered a motion to defer taxable services until the January 24, 2017, meeting. Without objection, the motion was adopted by a vote of 13 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Lagarde, Representative Jim Morris, Mr. Patterson, Mr. Richard, Ms. Robottom, Ms. Starns, and Ms. Theriot voted yea.

Representative Stokes offered a motion to defer *Items #68, "Certain Geophysical Survey Information and Data Analyses" and Item #69, "Work Products of Certain Professionals"*. Without objection, the motion was adopted by a vote of 13 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Lagarde, Representative Jim Morris, Mr. Patterson, Mr. Richard, Ms. Robottom, Ms. Starns, and Ms. Theriot voted yea.

Representative Stokes moved to the *Handout: Texas Taxable Services*, specifically, *Item #6 (Non-Residential Real Property Repair, Restoration and Remodeling) and Item #7, (Cable, Satellite, and Video and Audio Streaming Services)*. Ms. Stokes offered a motion to defer until the January 24, 2017, meeting. No vote was taken.

Representative Stokes moved to "*Sales and Use Tax Exclusions and Exemptions which are not listed in the Tax Exemption Budget*".

Exemption No. 1: Exemption for payment of all taxes by Louisiana Insurance Guarantee Association; Exemption No. 2: Exclusion for stocks, bonds, notes, or other obligations or securities; and Exemption No. 3: Exclusion for the free repair by a motor vehicle dealer of a vehicle after expiration of a warranty.

Representative Stokes offered a motion to adopt the preliminary recommendation on all three items. Without objection, the motion passed by a vote of 11 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Lagarde, Representative Jim Morris, Mr. Richard, Ms. Robottom, and Ms. Theriot voted yea.

Representative Stokes discussed Exemption No. 4: Authorization for adoption of any exclusion or exemption by a taxing authority in Plaquemines Parish; and Exemption No. 5: Exemption for sales of the following items from certain taxes imposed in Caddo Parish. Ms. Stokes offered a motion to eliminate *Item #4*, to which there was no objection. Without objection, the motion passed by a vote of 11 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Lagarde, Representative Jim Morris, Mr. Richard, Ms. Robottom, and Ms. Theriot voted yea.

Representative Stokes offered a motion to eliminate *Item #5*, if it can be utilized under other statutes. Without objection, the motion passed by a vote of 11 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Lagarde, Representative Jim Morris, Mr. Richard, Ms. Robottom, and Ms. Theriot voted yea.

After the vote, Ms. Theriot offered to investigate the matter and will report at the next meeting.

#### **IV. OTHER BUSINESS**

The next meeting will be held on Tuesday, January 24, 2017.

#### **V. ADJOURNMENT**

Mr. Allison offered a motion to adjourn. Without objection, the motion passed by a vote of 11 yeas and 0 nays. Representative Stokes, Mr. Allison, Mr. Campbell, Mr. Cole, Ms. Elliott, Mr. Garrett, Mr. Lagarde, Representative Jim Morris, Mr. Patterson, Ms. Robottom, and Senator Ward voted yea.

The meeting was adjourned at 2:15 p.m.

Respectfully submitted,

Chairman Julie Stokes  
Sales Tax Streamlining and Modernization Commission