

July 19, 2007

The Honorable Alfred W. Speer
Clerk of the House of Representatives
State Capitol
Baton Rouge, Louisiana 70804

Re: House Bill No. 975 by Representative Odinet
TAX/SALES-USE-EXEMPT: Provides for a state sales and use tax exemption on purchases of tangible personal property required to rebuild, repair, or replace certain storm-damaged property

Dear Mr. Speer:

House Bill No. 975 authorizes a refund of state sales taxes paid on the replacement of storm-damaged or destroyed property. The bill would require that the state issue refunds to Louisiana residents in 16 hurricane-affected parishes for state sales taxes that they have paid or will have paid during the period August 29, 2005, through June 30, 2009, on purchases needed to repair or replace their hurricane-damaged primary residences and household assets. Each household would be limited to one refund in the maximum amount of \$3,000. The bill provides that no tax refund or exemption can be allowed under House Bill No. 975 for any purchase for which a taxpayer receives an exemption, credit, rebate, or other tax incentive granted by the state under any other provision of law.

Many households that would be eligible for sales tax refund under House Bill No. 975 have already received sales tax refunds from the state under R.S. 47:315.1. That statute provides for the refund of sales taxes that persons residing in presidentially declared disaster areas paid on their destroyed assets. Refunds under that program have averaged over \$2,000 per household. Additionally, the Legislature enacted a sales tax holiday in December 2005, during which time many citizens had the opportunity to purchase replacement items tax free. Although the providing of this type of financial relief to citizens is meritorious, such a refund program would be very costly and difficult to administer and duplicative of other governmental storm-damage assistance programs.

For these reasons, I have vetoed House Bill No. 975 and am returning it to the House of Representatives.

Sincerely,

Kathleen Babineaux Blanco
Governor