



**Revenue Information Bulletin  
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Sales Tax**

**Demonstrator boats, vessels, and watercraft eligible for sales tax exemption**

[Act 442 of the 2009 Regular Session of the Legislature](#) provides a sales tax exemption for the purchase of a boat, vessel, or other watercraft that the dealer had previously withdrawn from stock and used as a demonstrator model.

The Act amends La. R.S. 47:303(D)(1) and La. R.S. 47:305 (D)(1)(i) and (H). The sales tax exemption applies under the following conditions:

1. The demonstrator model is registered in a dealer's name with the appropriate agency.
2. The demonstrator model is reported by the dealer to LDR as a demonstrator and is clearly identified as a demonstrator.
3. The demonstrator model is used by those designated by the dealer for any activity that results in the advertisement, promotion of sales, or demonstration of the qualities of the boat for the purpose of increasing sales of the boats provided that the use does not occur on more than 6 consecutive days and does not occur on more than 12 days in any calendar month. The dealer is required to keep logs or records of the use.
4. The demonstrator model must be ultimately sold at retail. Because the demonstrator was originally registered to the dealer, the subsequent sale will be a sale of a used boat, vessel or watercraft subject to state and local sales tax.

Act 442 also enacted La. [R.S. 47:321\(H\)\(3\)](#) to provide that the sales tax exemption for boats, vessels, and water craft demonstrators provided by La. [R.S. 47:303\(D\)\(1\)](#) is not affected by the suspension of the one-percent sales tax exemption provided by La. [R.S. 47:321\(H\)\(1\)](#). This means that demonstrators are exempt from the full four-percent state sales tax.

Questions concerning this legislation should be directed to the Louisiana Department of Revenue's Special Programs Division at 225-219-7356, Option 3, or by email to [sales.inquiries@la.gov](mailto:sales.inquiries@la.gov).

Cynthia Bridges  
Secretary

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