SUPREME COURT OF LOUISIANA

Archer Daniels Midland Co. v. Parish School Bd.; Tulane Fleeting, Inc. v. Parish School Bd.

802 So. 2d 1270 (La. 2001) · No. 2001-C-0511 · Decided November 28, 2001

SUMMARY

The Louisiana Supreme Court considered whether tugboats operating wholly within Louisiana waters qualified for a parish sales-tax exemption applicable to owners or operators of vessels operating exclusively in foreign or interstate coastwise commerce. The court held that eligibility depends on the movement of the vessels, not the cargo, and that vessels must leave Louisiana waters to qualify. The court overruled Cooper Stevedoring Co., Inc., reversed the lower courts, and remanded the case.

CASE DETAILS

COURT	Supreme Court of Louisiana
WRITING FOR THE COURT	Knoll, Justice; Lobrano, Justice Pro Tempore
JURISDICTION	Louisiana
DECIDED	November 28, 2001
DOCKET	2001-C-0511
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	After the district court granted the taxpayers summary judgment and ordered a refund of sales taxes paid under protest, the Louisiana Fifth Circuit affirmed. The Louisiana Supreme Court granted the taxing authority's writ and reversed and remanded.
STANDARD OF REVIEW	Summary judgment is proper when the pleadings, depositions, answers to interrogatories, admissions, and affidavits show no genuine issue of material fact and the mover is entitled to judgment as a matter of law. The court reviewed the interpretation of the tax exemption statute de novo.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of Louisiana
PARTIES	St. Charles Parish School Board v. Archer Daniels Midland Company, ADM/Growmark River Systems, Inc., Tulane Fleeting, Inc.

TOPICS

sales and use tax · statutory interpretation · standard of review · appellate procedure · commercial litigation

PRACTICE AREAS

sales and use tax · admiralty · commercial litigation · appellate procedure

QUESTIONS PRESENTED

1. Whether tugboats that operate wholly within Louisiana waters but facilitate the movement of cargo in interstate or foreign commerce are vessels operating exclusively in foreign or interstate coastwise commerce under La. Rev. Stat. § 47:305.1(B).
2. Whether the taxpayers were entitled to the parish sales tax exemption for fuel used to operate their tugboats.
3. Whether summary judgment for the taxpayers was proper.

HOLDINGS

1. The relevant inquiry focuses on the movement of the taxpayer's ships or vessels, not the movement of the cargo. To qualify for the exemption, the ships or vessels must leave Louisiana waters.
2. The taxpayers were not entitled to the sales tax exemption because their tugboats operated wholly within Louisiana waters.
3. Summary judgment for the taxpayers was improper because, under the court's interpretation of the exemption, the taxpayers were not entitled to judgment as a matter of law.

KEY QUOTATIONS

> *"For the taxpayer to qualify for the sales tax exemption, the taxpayer's ships or vessels must leave Louisiana waters."* (802 So. 2d at 1277)

> *"Because Taxpayers' tugboats operate wholly within Louisiana waters, we find Taxpayers' tugboats are not "operating exclusively in foreign or interstate coastwise commerce" within the meaning of the St. Charles Parish sales tax exemption."* (802 So. 2d at 1279)

FACTUAL BACKGROUND

The taxpayers operated tugboats in St. Charles Parish to break up multi-barge tows, move barges to and from fleeting areas, and position them for unloading. The tugboats never left St. Charles Parish waters, although the barges carried grain originating in other states and destined for locations outside Louisiana. During the taxable period from January 1, 1985, through December 31, 1993, the taxpayers purchased fuel for the tugboats without paying parish sales tax, asserting that the purchases were exempt under the parish ordinance.

PROCEDURAL HISTORY

The taxpayers omitted parish sales tax on fuel purchased for tugboats operating in St. Charles Parish, paid the assessed taxes and interest under protest, and sued for recovery. The district court granted the taxpayers summary judgment, and the court of appeal affirmed. The Supreme Court of Louisiana granted review, reversed the lower courts, and remanded for further proceedings.

DISPOSITION

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reversed_and_remanded
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REMAND INSTRUCTIONS

Remanded to the district court for further proceedings consistent with the Supreme Court's interpretation that the taxpayers' tugboats did not qualify for the sales tax exemption.

CASES CITED

- International Harvester Co. v. Indiana, 322 U.S. 340, 64 S. Ct. 1019, 88 L. Ed. 1313 (1944)
- Indiana v. Wood Preserving Corp., 313 U.S. 62, 61 S. Ct. 885, 85 L. Ed. 1188 (1941)
- Oklahoma Tax Commission v. Jefferson Lines, Inc., 514 U.S. 175, 184, 115 S. Ct. 1331, 131 L. Ed. 2d 261 (1995)
- Sales Tax Dist. No. 1 of Lafourche Parish v. Express Boat Co., Inc., 500 So. 2d 364 (La. 1987)
- McNamara v. John E. Chance & Associates, Inc., 491 So. 2d 154, 157 (La. App. 3d Cir. 1986)
- Cooper Stevedoring Co., Inc. v. Secretary of Louisiana Department of Revenue and Taxation, 555 So. 2d 32 (La. App. 1st Cir. 1989)
- Falgout v. Dealers Truck Equipment Co., 98-3150 (La. 10/19/99), 748 So. 2d 399, 401
- McNamara v. Central Marine Service, Inc., 507 So. 2d 207, 208 (La. 1987)
- Department of Revenue v. Association of Washington Stevedoring Companies, 435 U.S. 734, 98 S. Ct. 1388, 55 L. Ed. 2d 682 (1978)
- Complete Auto Transit, Inc. v. Brady, 430 U.S. 274, 97 S. Ct. 1076, 51 L. Ed. 2d 326 (1977)
- Joseph v. Carter & Weekes Stevedoring Co., 330 U.S. 422, 67 S. Ct. 815, 91 L. Ed. 993 (1947)
- The Daniel Ball v. United States, 10 Wall. 557, 77 U.S. 557, 19 L. Ed. 999 (1871)
- Foster v. Davenport, 22 How. 244, 63 U.S. 244, 16 L. Ed. 248 (1859)
- Higginbotham v. Public Belt Railroad Commission, 192 La. 525, 188 So. 395 (1938)
- United States v. Lopez, 514 U.S. 549, 115 S. Ct. 1624, 131 L. Ed. 2d 626 (1995)
- United States v. Morrison, 529 U.S. 598, 120 S. Ct. 1740, 146 L. Ed. 2d 658 (2000)
