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Coastal Drilling Co., L.L.C. v. Dufrene

Supreme Court of Louisiana - March 15, 2016 - So.3d - 2016 WL 1050541 - 2015-1793 (La. 3/15/16)

Taxpayer filed suit against parish tax collector to recover amount paid in use taxes for materials purchased for use in rebuilding inland marine drilling barge damaged by fire. The District Court granted summary judgment to collector. Taxpayer appealed. The Court of Appeal affirmed. Taxpayer's application for writ of certiorari was granted.

The Supreme Court of Louisiana held that:

- Regulation permitting sales tax exemption if reconstruction restored ship, vessel, or barge to seaworthiness following its destruction by sinking, collision, or fire was constitutionally valid;
- "Seaworthiness" in the regulation has its general maritime meaning of fitness for its intended purpose;
- "Destruction" in regulation involves such extensive impairment from very specific event that vessel no longer can operate for its intended purpose; and
- Barge was destroyed making materials, equipment, and machinery eligible for the exemption.

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