

SENATE BILL NO. 268

BY SENATOR CATHEY AND REPRESENTATIVE THOMPSON

1 AN ACT

2 To enact R.S. 47:305.81, relative to sales and use tax rebates; to provide for a state sales and
3 use tax rebate for the purchase of machinery, equipment, and other items used in the
4 lithium recovery process; to provide for definitions; to authorize the secretary of the
5 Department of Revenue to promulgate rules; to provide for application procedures;
6 to provide for applicability; to provide for limitations with respect to the rebate; and
7 to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:305.81 is hereby enacted to read as follows:

10 **§305.81. Rebate; state sales and use tax for purchases of equipment, machinery,**
11 **and other items used in lithium recovery activities**

12 **A. Critical minerals are essential for various industries, including**
13 **energy, defense, and technology. To ensure energy independence for the United**
14 **States, a diversified approach, including supply chain diversification, is also**
15 **critical. To this end, it is recognized as essential to the continued growth and**
16 **development of the critical energy resources of the state and to the continued**
17 **prosperity of the people of the state that lithium recovery projects be**
18 **encouraged. With global demand for lithium expected to quadruple by 2030, it**
19 **is also recognized that lithium recovery will benefit the citizens of the state by**
20 **encouraging energy independence and reducing the reliance on foreign imports**
21 **of lithium for use in the production of batteries and other items. It is the**
22 **purpose of this Section to provide an economic incentive to companies to allow**
23 **them to invest in lithium recovery projects in Louisiana to enhance Louisiana's**
24 **lithium production to the ultimate benefit of this state and the United States.**

25 **B. In order to accomplish the purposes set forth in Subsection A of this**
26 **Section, there shall be allowed a rebate for the state sales tax paid by any**
27 **company evaluating, developing, or engaged in production from a qualified**

1 lithium recovery project, for all equipment, machinery, materials,
2 improvements, and other items purchased and used in Louisiana in connection
3 with the development, production, operation, storage, processing, or
4 transportation of lithium or lithium refined products in connection with a
5 qualified lithium recovery project.

6 C. The amount of the rebate shall be equal to the amount of state sales
7 tax actually paid by the applicant in connection with the purchase in Louisiana
8 of equipment, machinery, materials, improvements, and other items for use in
9 Louisiana in connection with the development, production, operation, storage,
10 processing, or transportation of lithium or lithium refined products in
11 connection with a qualified lithium recovery project including but not limited
12 to those purchased in connection with the initial development of the project, the
13 drilling of all production, injection, and appraisal wells used in connection with
14 the project, the operation of the project, the production of brine in connection
15 with the project, the extraction of lithium from the brine, the reinjection of the
16 brine, any further processing of the extracted lithium, any storage or
17 transportation in connection with the project, and any other equipment,
18 machinery, materials, improvements, and other items purchased in connection
19 with the qualified lithium recovery project.

20 D. For purposes of this Section a "qualified lithium recovery project" is
21 defined as a lithium recovery and processing project that is or will be developed,
22 constructed, and operated in Louisiana and that is or will be conducted in
23 accordance with sound engineering principles as used in the industry, which
24 includes the production of brine and separating the lithium from the brine,
25 employing direct lithium extraction or any other processes or technology.

26 E. An applicant who is claiming the rebate shall apply to the secretary
27 of the Department of Revenue for the rebate in a manner and on a form
28 prescribed by the secretary. To claim the rebate, the applicant shall submit
29 proof of the actual state sales tax paid in connection with qualified purchases
30 under Subsection C of this Section, and any other documentation required by

1 administrative rule.

2 F. The secretary of the Department of Revenue shall verify each
3 applicant's eligibility for the rebate and shall certify the list of eligible
4 applicants and approved rebate amounts.

5 G. The secretary of the Department of Revenue may promulgate rules
6 in accordance with the Administrative Procedure Act, as are necessary to
7 implement the provisions of this Section, including rules related to the recapture
8 of the rebate if an applicant is subsequently determined to be ineligible for the
9 rebate. The recapture of a rebate shall be an obligation to be collected and
10 accounted for in the same manner as if it were a tax due to the secretary.

11 H. The total amount of tax rebates granted by the department for the life
12 of the program shall not exceed one hundred thousand dollars.

13 I. A taxpayer shall not receive any other incentive for any expenditures
14 for which the taxpayer has received a tax rebate pursuant to this Section.

15 J. The state sales tax rebate provided in this Section shall terminate on
16 December 31, 2025.

17 Section 2. This Act shall be applicable to purchases made on or after July 1, 2024.

18 Section 3. This Act shall become effective upon signature by the governor or, if not
19 signed by the governor, upon expiration of the time for bills to become law without signature
20 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
21 vetoed by the governor and subsequently approved by the legislature, this Act shall become
22 effective on the day following such approval.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____