

First Extraordinary Session, 2005

SENATE BILL NO. 12

BY SENATORS THEUNISSEN, BARHAM, BOASSO, CAIN, DARDENNE, HOLLIS, KOSTELKA, LENTINI, MALONE, MICHOT, QUINN, ROMERO AND SCHEDLER AND REPRESENTATIVES MORRISH, ALEXANDER, BEARD, BOWLER, BRUNEAU, BURNS, CROWE, DOVE, DOWNS, ERDEY, GEYMANN, GREENE, HUTTER, JOHNS, KATZ, KENNARD, KLECKLEY, LABRUZZO, LAMBERT, LANCASTER, MARTINY, MCVEA, PITRE, M. POWELL, T. POWELL, SCALISE, SCHNEIDER, SMILEY, JANE SMITH, STRAIN, TOOMY, TRAHAN, TUCKER, WADDELL, WALSWORTH, WHITE AND WINSTON

TAX/SALES. Phases-in a state sales tax exemption for non-residential natural gas and electricity by July 1, 2008. (1/1/06)

1 AN ACT

2 To amend and reenact R.S. 47:331(P)(2) and to enact R.S. 47:302(T), 321(J), and 331(R),  
3 relative to limiting the state sales and use tax paid on natural gas and electric power  
4 or energy; to phase-in the effectiveness of the exemptions for natural gas and electric  
5 power or energy transactions; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:331(P)(2) is hereby amended and reenacted and R.S. 47:302(T),  
8 321(J), and 331(R) are hereby enacted to read as follows:

9 §302. Imposition of tax

10 \* \* \*

11 **T. Notwithstanding any other provision of law to the contrary and**  
12 **specifically notwithstanding any provision of Act No. 4 of the 2004 First**  
13 **Extraordinary Session which makes any state sales and use tax exemption**  
14 **inapplicable, inoperable, and of no effect, the exemption provided in R.S.**  
15 **47:305(D)(1)(g) and for electric power or energy shall be applicable, operable,**  
16 **and effective as follows:**

17 **(1) As to one percent of the tax levied pursuant to the provisions of this**

1           Section for all periods after June 30, 2007.

2                   (2) As to two percent of the tax levied pursuant to the provisions of this

3           Section for all periods after June 30, 2008.

4                                   \*       \*       \*

5           §321. Imposition of tax

6                                   \*       \*       \*

7                   J. Notwithstanding any other provision of law to the contrary and  
8                   specifically notwithstanding any provision of Act No. 4 of the 2004 First  
9                   Extraordinary Session which makes any state sales and use tax exemption  
10                  inapplicable, inoperable, and of no effect, the exemption provided in R.S.  
11                  47:305(D)(1)(g) and for electric power or energy shall be applicable, operable,  
12                  and effective as to the tax levied pursuant to the provisions of this Section for  
13                  all periods after June 30, 2006.

14                                   \*       \*       \*

15           §331. Imposition of tax

16                                   \*       \*       \*

17                   P.                               \*       \*       \*

18                   (2)(a) For the period July 1, 2004, through June 30, 2009, the exemptions to  
19                   the tax levied by this Section for utilities shall be inapplicable, inoperable, and of no  
20                   effect as to eighty percent of the tax levied by this Section. The term “utilities” shall  
21                   mean sales of steam; ~~and~~ water, ~~and electric power or energy,~~ and natural gas.

22                   (b) For the period July 1, 2004, through December 31, 2005, the  
23                   exemption to the tax levied by this Section provided in R.S. 47:305(D)(1)(g) and  
24                   for electric power or energy shall be inapplicable, inoperable, and of no effect  
25                   as to eighty percent of the tax levied by this Section.

26                                   \*       \*       \*

27                   R. Notwithstanding any other provision of law to the contrary and  
28                   specifically notwithstanding any provision of Act No. 4 of the 2004 First  
29                   Extraordinary Session which makes any state sales and use tax exemption

1           **inapplicable, inoperable, and of no effect, the exemption provided in R.S.**  
2           **47:305(D)(1)(g) and for electric power or energy shall be applicable, operable,**  
3           **and effective as to all of the tax levied pursuant to the provisions of this Section**  
4           **for all periods after December 31, 2005.**

5           Section 2. This Act shall become effective on January 1, 2006.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Riley Boudreaux.

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#### DIGEST

Present law provides for a sales tax exemption for natural gas and electricity ("electric power or energy"). That exemption has been "suspended" for 3.8 of the 4 cents of state sales tax as follows:

From 2.8 of the 4 cents of state sales tax from July 1, 2004, though June 30, 2009 [R.S. 47:302(R) and 331(P)].

From 1 of the 4 cents of state sales tax for all periods after July 1, 2004 [R.S. 47:321(H)].

Proposed law phases-in the exemption for natural gas and electricity against all 4 cents of the state sales tax as follows:

Exempts against one cent as of January 1, 2006.

Exempts against two cents as of July 1, 2006.

Exempts against three cents as of July 1, 2007.

Exempts against all four cents as of July 1, 2008.

Effective January 1, 2006.

(Amends R.S. 47:331(P)(2); adds R.S. 47:302(T), 321(J), and 331(R))