

First Extraordinary Session, 2005

HOUSE BILL NO. 40

BY REPRESENTATIVES HAMMETT AND PINAC

TAX/SALES-USE, STATE: Caps the state sales tax on natural gas and electricity costs to certain industries (Item #17)

1 AN ACT

2 To amend and reenact R.S. 47:331(P)(2), relative to the state sales and use tax; to provide
3 a reduction in the rate of the sales tax for sales of natural gas and electricity; to
4 provide for an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:331(P)(2) is hereby enacted to read as follows:

7 §331. Imposition of tax

8 * * *

9 P.

10 * * *

11 (2) For the period July 1, 2004, through ~~June 30, 2009~~ December 31, 2005,
12 the exemptions to the tax levied by this Section for ~~utilities~~ sales of steam, water,
13 electric power, or energy, and natural gas shall be inapplicable, inoperable, and of
14 no effect as to eighty percent of the tax levied by this Section. ~~The term "utilities"~~
15 ~~shall mean sales of steam, water, electric power or energy, and natural gas.~~ For the
16 period January 1, 2006, through June 30, 2009, the exemptions to the tax levied by
17 this Section for sales of electric power or energy and natural gas shall be
18 inapplicable, inoperable, and of no effect as to thirty percent of the tax levied by this
19 Section. For the period January 1, 2006, through June 30, 2009, the exemptions to
20 the tax levied by this Section for sales of steam and water shall be inapplicable,
21 inoperable, and of no effect as to eighty percent of the tax levied by this Section.

22 * * *

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 Section 2. The secretary of the Department of Revenue is authorized to promulgate
2 rules for the administration of the provisions of this Act.

3 Section 3. This Act shall become effective January 1, 2006.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

Hammett

HB No. 40

Abstract: Caps the state sales tax on natural gas and electricity costs to certain industries.

Present law provides that the state sales tax exemptions for natural gas under R.S. 47:305(D)(1)(g) and electricity under R.S. 47:305(D)(1)(d) are suspended through June 30, 2009, with respect to the taxes imposed by R.S. 47:302 and 321, and indefinitely with respect to the tax imposed by R.S. 47:331. Article VII, Section 2.2 of the Louisiana Constitution provides an exemption on residentially used natural gas and electricity; only nonresidential consumers presently pay the 3.8% sales tax rate on natural gas and electricity.

Proposed law provides that the state tax rate on natural gas and electricity will be reduced to 3.3% for the period January 1, 2006, through June 30, 2009.

Effective Jan. 1, 2006.

(Amends R.S. 47:331(P)(2))