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

DIGEST

Present law provides for a sales tax exemption for natural gas and 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, through 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 provides that the state sales tax exemption for natural gas and electric power or energy shall be effective only against .7 of 1 cent of the tax from January 1, 2006, though June 30, 2009 - an effective state sales tax rate of 3.3%. When the temporary suspension ends on July 1, 2009, (if it is not renewed) the effective tax rate on natural gas and electricity will be 1%.

Effective January 1, 2006.

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