

First Extraordinary Session, 2005

SENATE BILL NO. 54

BY SENATOR ELLINGTON

TAX/SALES. Provides for a state sales and use tax limitation on the sales price and cost price of natural gas. (1/1/06)

1 AN ACT

2 To enact R.S. 47:301(3)(j) and (13)(l), relative to state sales and use tax of the state and any
3 political subdivision whose boundaries are coterminous with those of the state; to
4 provide for a limitation on the sale price and cost price of natural gas; to provide for
5 an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:301(3)(j) and (13)(l) are hereby enacted to read as follows:

8 §301. Definitions

9 As used in this Chapter the following words, terms, and phrases have the
10 meaning ascribed to them in this Section, unless the context clearly indicates a
11 different meaning:

12 * * *

13 (3) * * *

14 * * *

15 **(j) For the purpose of the sales and use taxes imposed by the state or any**
16 **political subdivision whose boundaries are conterminous with those of the state,**
17 **the "cost price" of natural gas shall not include any amount in excess of six**

1 dollars and twenty cents per MMBtu.

2 * * *

3 (13) * * *

4 * * *

5 (l) For purposes of the sales and use tax imposed by the state or any
6 political subdivision whose boundaries are coterminous with those of the state,
7 the "sales price" of natural gas shall not include any amount in excess of six
8 dollars and twenty cents per MMBtu.

9 Section 2. This Act shall become effective on January 1, 2006; if vetoed by the
10 governor and subsequently approved by the legislature, this Act shall become effective on
11 January 1, 2006, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Angela Lockett De Jean.

DIGEST

Present law provides for a sales tax exemption for natural gas. 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 limits the price of natural gas which is taxed and is not otherwise exempt to \$6.20 MMBtu.

Effective January 1, 2006.

(Adds R.S. 47:301 (3)(j) and (13)(l))