

First Extraordinary Session, 2005

SENATE BILL NO. 54

BY SENATORS ELLINGTON AND NEVERS

TAX/SALES. Limits the price of natural gas purchased by paper or wood products manufacturing facilities which is taxed to \$6.20 MMBtu. and exempts them from all state sales tax on their purchases of electricity from January 1, 2006 to December 31, 2008.(1/1/06)

1 AN ACT

2 To amend and reenact R.S. 47:331(P)(2) and to enact R.S. 47:301(3)(j) and (13)(l), and  
3 302(T), 321(J), and 331(R), relative to state sales and use tax of the state and any  
4 political subdivision whose boundaries are coterminous with those of the state; to  
5 provide for a limitation on the sale price and cost price of natural gas for certain  
6 taxpayers; to provide for an exemption for electricity for certain taxpayers; to  
7 provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:331(P)(2) is hereby amended and reenacted and R.S. 47:301(3)(j)  
10 and (13)(l), and 302(T), 321(J), and 331(R) are hereby enacted to read as follows:

11 §301. Definitions

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

15		*	*	*
16	(3)	*	*	*
17		*	*	*





1           **or energy by paper or wood products manufacturing facilities.**

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

---

The original instrument was prepared by Angela Lockett De Jean. The following digest, which does not constitute a part of the legislative instrument, was prepared by Riley Boudreaux.

---

#### DIGEST

Ellington (SB 54)

Present law provides for a sales tax exemption for natural gas and "electric power and energy" - electricity. That exemption has been "suspended" for 3.8 of the 4 cents of state sales tax for non-residential use. That means that natural gas and electricity consumed by businesses are subject to a 3.8% tax, as follows:

They are subject to 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)).

Because one penny of the tax was "made permanent", they are subject to 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 purchased by paper or wood products manufacturing facilities which is taxed to \$6.20 MMBtu and exempts them from all state sales tax on their purchases of electricity. The exemption lasts from January 1, 2006 to December 31, 2008.

Effective January 1, 2006.

(Amends R.S. 47:331(P)(2); adds R.S. 47:301(3)(j) and (13)(l), 302(T), 321(J), and 331(R))

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill.

1. Changes the bill from a limit on the price of natural gas purchased by all businesses which is subject to taxation to a 4-year limit on the price purchased by paper or wood products manufacturing facilities and a full exemption for their purchases of electricity.