

First Extraordinary Session, 2005

SENATE BILL NO. 54

BY SENATORS ELLINGTON, NEVERS, ADLEY, AMEDEE, BARHAM, BOASSO, BROOME, CAIN, CHEEK, CRAVINS, DARDENNE, DUPLESSIS, DUPRE, FONTENOT, B. GAUTREAUX, N. GAUTREAUX, HINES, HOLLIS, JONES, KOSTELKA, LENTINI, MALONE, MCPHERSON, MICHOT, MOUNT, MURRAY, QUINN, ROMERO, SHEPHERD, SMITH AND THEUNISSEN

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 **(j) For the purpose of the sales and use taxes imposed by the state or any**
 2 **political subdivision whose boundaries are conterminous with those of the state,**
 3 **the "cost price" of natural gas for the period January 1, 2006 through**
 4 **December 31, 2008, purchased or used by paper or wood products**
 5 **manufacturing facilities shall not include any amount in excess of six dollars**
 6 **and twenty cents per MMBtu.**

7 * * *

8 (13) * * *

9 * * *

10 **(l) For purposes of the sales and use tax imposed by the state or any**
 11 **political subdivision whose boundaries are coterminous with those of the state,**
 12 **the "sales price" of natural gas the period January 1, 2006 through December**
 13 **31, 2008, sold for use by paper or wood products manufacturing facilities shall**
 14 **not include any amount in excess of six dollars and twenty cents per MMBtu.**

15 * * *

16 §302. Imposition of tax

17 * * *

18 **T. Notwithstanding any other provision of law to the contrary and**
 19 **specifically notwithstanding any provision of Act No. 4 of the 2004 First**
 20 **Extraordinary Session which makes any state sales and use tax exemption**
 21 **inapplicable, inoperable, and of no effect, the exemption provided for electric**
 22 **power or energy shall be applicable, operable, and effective as to the tax levied**
 23 **pursuant to the provisions of this Section for the period January 1, 2006**
 24 **through December 31, 2008, for the sale, purchase, or use of such electric power**
 25 **or energy by paper or wood products manufacturing facilities.**

26 * * *

27 §321. Imposition of tax

28 * * *

29 **J. Notwithstanding any other provision of law to the contrary and**

1 specifically notwithstanding any provision of Act No. 4 of the 2004 First
 2 Extraordinary Session which makes any state sales and use tax exemption
 3 inapplicable, inoperable, and of no effect, the exemption provided for electric
 4 power or energy shall be applicable, operable, and effective as to the tax levied
 5 pursuant to the provisions of this Section for the period January 1, 2006
 6 through December 31, 2008, for the sale, purchase, or use of such electric power
 7 or energy by paper or wood products manufacturing facilities.

8 * * *

9 §331. Imposition of tax

10 * * *

11 P.

* * *

12 (2)(a) Except as provided for in Subparagraph (b) of this Paragraph and
 13 Subsection R of this Section, for the period July 1, 2004, through June 30, 2009, the
 14 exemptions to the tax levied by this Section for utilities shall be inapplicable,
 15 inoperable, and of no effect as to eighty percent of the tax levied by this Section. The
 16 term “utilities” shall mean sales of steam, water, and electric power or energy, and
 17 natural gas.

18 (b) For the period July 1, 2004, through December 31, 2005, the
 19 exemption to the tax levied by this Section provided for the sale, purchase or use
 20 of electric power or energy by paper or wood products manufacturing facilities
 21 shall be inapplicable, inoperable, and of no effect as to eighty percent of the tax
 22 levied by this Section.

23 * * *

24 R. Notwithstanding any other provision of law to the contrary and
 25 specifically notwithstanding any provision of Act No. 4 of the 2004 First
 26 Extraordinary Session which makes any state sales and use tax exemption
 27 inapplicable, inoperable, and of no effect, the exemption provided for electric
 28 power or energy shall be applicable, operable, and effective as to all of the tax
 29 levied pursuant to the provisions of this Section for the period January 1, 2006

1 **through December 31, 2008, for the sale, purchase, or use of such electric power**
 2 **or energy by paper or wood products manufacturing facilities.**

3 Section 2. This Act shall become effective on January 1, 2006; if vetoed by the
 4 governor and subsequently approved by the legislature, this Act shall become effective on
 5 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.