

Prior law provided 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) were 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. Art. VII, §2.2 of the Louisiana Constitution provided an exemption on residentially used natural gas and electricity; only nonresidential consumers were required to pay the 3.8% sales tax rate on natural gas and electricity.

New law provides that the state tax rate on natural gas and electricity will be reduced to 3.3% for the period Jan. 1, 2006, through June 30, 2009 for all industries except paper or wood product manufacturing facilities.

New law further provides that for purposes of the state sales tax for the period July 1, 2006 through December 31, 2008, the sales price and cost price of natural gas for paper or wood product manufacturing facilities shall not exceed \$6.20 per MMBtu. Further provides that for the same period purchases of electricity by paper or wood manufacturing facilities is exempt from state sales tax.

Effective Jan. 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))