

2017 Regular Session

HOUSE BILL NO. 169

BY REPRESENTATIVE ROBBY CARTER

TAX/TAXATION: Provides relative to the natural gas franchise tax

1 AN ACT

2 To amend and reenact the heading of Part II of Chapter 11 of Subtitle II of Title 47 and R.S.
3 47:1031, 1032(1) and (2), 1033(B), 1034, 1036, and 1040, relative to the natural gas
4 franchise tax; to extend the natural gas franchise tax to all business engaged in the
5 business of transporting oil; to increase the rate of the tax; to provide for disposition
6 of the avails of the tax; to provide for effectiveness; and to provide for related
7 matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. The heading of Part II of Chapter 11 of Subtitle II of Title 47 and R.S.
10 47:1031, 1032(1) and (2), 1033(B), 1034, 1036, and 1040 are hereby amended and reenacted
11 to read as follows:

12 PART II. NATURAL GAS AND OIL FRANCHISE TAX

13 §1031. Imposition of tax

14 Every ~~corporation, domestic or foreign,~~ business engaged in the business of
15 transporting natural gas or oil by pipeline in this state, shall, in addition to all other
16 taxes and licenses levied and assessed in this state, pay an additional annual franchise
17 tax for exercising its franchises or charters or the continuance of its franchises or
18 charters in this state, equal to ~~one~~ two percent of the gross receipts from the
19 operation of its franchises or charters in this state. This tax shall apply to any

1 corporation engaging in the business of transporting natural gas or oil by pipeline for
2 hire, sale, or use.

3 §1032. Definitions

4 For the purposes of this Part the following words shall have the meaning
5 ascribed to them in this Section unless the content clearly intends otherwise:

6 (1) "Cost of gas or oil purchased for resale" shall mean the actual purchase
7 price paid for the gas or oil that is being resold and shall include third-party
8 transportation charges.

9 (2) "Gross receipts" shall mean the total amount of billings for services
10 rendered, and shall include all receipts from business beginning and ending within
11 this state, and a proportion, based upon the proportion of mileage within this state
12 to the entire mileage over which such business is done, of receipts on all business
13 passing through, into, or out of this state, whether same be from the actual operation
14 of such business or from a source incidental to such business. For the purposes of
15 determining gross receipts, the cost of gas or oil purchased for resale is deductible.
16 Nonoperating (nonutility) revenues such as dividend and interest income, tax
17 refunds, merchandising, and rentals from land, buildings, other nonutility property
18 and storage revenues are not to be included in taxable gross receipts.

19 * * *

20 §1033. Gross receipts; interstate business

21 * * *

22 B. The gross receipts of such corporation over the whole extent of the
23 mileage over which such business is done, within, through and without the state,
24 shall be divided by the total number of miles over which such business is done to
25 ascertain the average gross receipts per mile, and the gross receipts in this state shall
26 be taken to be the average gross receipts per mile, multiplied by the number of miles
27 over which such business is done in this state. For the purposes of determining gross
28 receipts, the cost of gas or oil purchased for resale is deductible.

1 §1034. Gross receipts; transportation for own use

2 Whenever the transportation of natural gas or oil by pipeline is by the owner
3 for its own use, the gross receipts from such business shall be deemed and held to be
4 the cost of the natural gas or oil transported delivered at the point of use, as
5 determined from the books and records of the owner, subject to the ratio provisions
6 of R.S. 47:1032. When there are no actual receipts upon which to base the tax, the
7 base will be the cost of the natural gas or oil delivered at the point of use as
8 determined from the books and records of the owner or the average of the monthly
9 spot market price of gas fuels or oil delivered into the pipelines in Louisiana as
10 reported by the Natural Gas Clearing House, or its successor, or the average of the
11 monthly spot market price of oil delivered into the pipelines in Louisiana as reported
12 by New York Mercantile Exchange, or its successor.

13 * * *

14 §1036. Reports and payment of tax

15 A. Reports by taxpayers. On or before the last day of the month after each
16 quarter annual period ending on September thirtieth, June thirtieth, March thirty-first,
17 and December thirty-first, every corporation, domestic or foreign, engaged in the
18 business of transporting natural gas or oil by pipeline for hire, sale, or use, shall file
19 with the secretary a report on forms prescribed by the secretary, duly sworn to by
20 some authorized person, showing the amount of its gross receipts from the operation
21 of its business in this state, during the quarter annual period hereinabove set forth.

22 B. Reports by persons making payments to transporters of natural gas or oil.
23 The collector shall have authority to require reports to cover any transaction during
24 the same period, similar to those provided for in ~~Sub-section~~ Subsection A of this
25 Section from any person, firm, association or corporation who has paid any sum to
26 any such corporation to which this Part applies and which is engaged in the business
27 of transporting natural gas or oil by ~~pipe-line~~ pipeline for hire, sale or use.

28 C. Payment of tax. Every such corporation which is required to submit a
29 report as provided by ~~Sub-section~~ Subsection A of this Section, shall accompany the

1 report by a remittance to the collector in lawful money of the United States, by
2 certified check, or by any other means as may be authorized by said collector, of the
3 amount of the tax herein levied and shown to be due by said report; that is, ~~one per~~
4 ~~centum (1%)~~ two percent of the gross receipts of such business during the period
5 covered by such report.

6 * * *

7 §1040. Disposition of collections

8 ~~The secretary shall make remittance to the state treasurer, immediately upon~~
9 ~~receipt, of all taxes, together with all interest and penalties applicable thereto,~~
10 ~~collected by the treasurer, and the treasurer shall place the same in a special account,~~
11 ~~which shall be used for the state hospital board and for payment of old age assistance~~
12 ~~and other social security benefits, to be apportioned by the governor. All monies~~
13 ~~collected under this Part shall be immediately paid into the state treasury, upon~~
14 ~~receipt, and first credited to the Bond Security and Redemption Fund as provided in~~
15 ~~Article VII, Section 9(B) of the Constitution of Louisiana. All remaining monies~~
16 ~~shall be credited to the state general fund.~~

17 Section 2. This Act shall become effective on July 1, 2017; if vetoed by the governor
18 and subsequently approved by the legislature, this Act shall become effective on July 1,
19 2017, or on the day following such approval by the legislature, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 169 Original

2017 Regular Session

Robby Carter

Abstract: Extends the natural gas franchise tax to oil franchises and increases the rate of the tax.

Present law levies a 1% tax on the gross receipts of every domestic and foreign corporation engaged in the business of transporting natural gas by pipeline in La.

Proposed law increases the tax on the gross receipts from 1% to 2% and extends the tax to businesses transporting oil within the state.

Present law defines "cost of gas purchased for resale" as the actual purchase price paid for the gas being resold, including third-party transportation charges.

Present law defines "gross receipts" as the total amount of billings for services rendered, including all receipts from business beginning and ending within the state and a proportion of that business passing through, into, or out of the state. Further authorizes a deduction in an amount equal to the cost of gas purchased for resale and excludes nonoperating revenues from the definition of "gross receipts", including all of the following:

- (1) Dividend and interest income.
- (2) Tax refunds.
- (3) Merchandising.
- (4) Rentals from land, buildings, and other nonutility property and storage revenues.

Present law provides the method by which the average gross receipts per intrastate mile of transportation shall be determined.

Present law provides for quarterly reporting periods for taxpayers to show the amount of gross receipts during the quarter from the operation of its business in the state and provides for payment of the tax.

Proposed law retains present law and extends its application to businesses engaged in transporting oil within the state.

Present law requires the monies collected to be used for the state hospital board and for payment of old age assistance and other social security benefits, to be apportioned by the governor.

Proposed law changes present law and requires the monies collected to be deposited into the state general fund, after having first been credited to the Bond Security and Redemption Fund.

Effective July 1, 2017.

(Amends R.S. 47:1031, 1032(1) and (2), 1033(B), 1034, 1036, and 1040)