

2019 Regular Session

HOUSE BILL NO. 603

BY REPRESENTATIVE STEFANSKI

TAX/SALES-USE-EXEMPT: Exempts certain business utilities from state sales and use taxes

1 AN ACT

2 To enact R.S. 47:302(BB)(110), relative to state and local sales and use taxes; to provide for
3 the exemption of sales and use taxes on certain utilities; to provide for certain
4 limitations; to require the promulgation of rules and regulations; to provide for an
5 effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:302(BB)(110) is hereby enacted to read as follows:

8 §302. Imposition of tax

9 * * *

10 BB. Notwithstanding any other provision of law to the contrary, including but
11 not limited to any contrary provisions of this Chapter, beginning July 1, 2018,
12 through June 30, 2025, there shall be no exemptions and no exclusions to the tax
13 levied pursuant to the provisions of this Section, except for the retail sale, use,
14 consumption, distribution, or storage for use or consumption of the following:

15 * * *

16 (110)(a) Steam, water, electric power or energy, natural gas, or energy
17 sources as provided in R.S. 47:305(D)(1)(b), (c), (d), (g), and (h), hereinafter referred
18 to as "utilities", which are used predominately and directly in the actual
19 manufacturing process by a manufacturer which has been assigned a North American

1 Industry Classification System Code within manufacturing Sections 31-33 as
 2 published by the United States Bureau of the Census.

3 (b) Notwithstanding Subparagraph (a) of this Paragraph, during calendar year
 4 2020, any tax payer shall pay one-half of the tax levied by this Section on those
 5 utilities otherwise exempt pursuant to Subparagraph (a) of this Paragraph.

6 * * *

7 Section 2. The secretary of the Department of Revenue shall promulgate rules and
 8 regulations in accordance with the Administrative Procedure Act to implement the
 9 exemption provided for in Section 1 of this Act.

10 Section 3. This Act shall become effective on July 1, 2019; if vetoed by the governor
 11 and subsequently approved by the legislature, this Act shall become effective on July 1,
 12 2019, 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 603 Reengrossed

2019 Regular Session

Stefanski

Abstract: Exempts steam, water, electric power or energy, and natural gas used directly in the manufacturing process from the 2% levy of the state sales and use tax.

Present law imposes state sales and use taxes on the sale, use, lease, or rental of tangible personal property pursuant to the following levies in the following amounts:

R.S. 47:302 - 2%
 R.S. 47:321 - 1%
 R.S. 47:321.1 - .45%
 R.S. 47:331 - .97%
 R.S. 51:1286 - .03%

Present law exempts the sale or use of steam, water, electric power or energy, natural gas, or energy sources, hereinafter "business utilities", from 2.45% of the state's 4.45% sales and use tax.

Present law suspends numerous exemptions from the four levies of state sales and use tax (R.S. 47:302, 321, 321.1, and 331) through June 30, 2025; however, business utilities are subject to 2% of the state sales and use tax levy.

Proposed law changes present law by adding the exemption for business utilities used predominately and directly in the actual manufacturing process by a manufacturer which has been assigned a NAICS Code in Sections 31 through 33 to the list of items exempt from the 2% levy of that state sales and use tax. However, proposed law requires business utilities to pay 50% of the 2% levy of the state sales and use tax levied during calendar year 2020.

Proposed law authorizes the Dept. of Revenue to promulgate rules and regulations in accordance with the APA to implement the provisions of proposed law.

Effective July 1, 2019.

(Adds R.S. 47:302(BB)(110))

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Require taxpayers to pay 50% of the tax levied on business utilities in calendar year 2020.
2. Make technical corrections.