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DIGEST

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HB 157 Original

2023 Regular Session

DeVillier

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

Present law imposes a state sales and use tax on the sale, use, lease, or rental of tangible personal property, which tax is composed of the following provisions of present law imposing levies in the following amounts:

R.S. 47:302	.....	2.00%
R.S. 47:321	.....	1.00%
R.S. 47:321.1	.....	0.45%
R.S. 47:331	.....	0.97%
R.S. 51:1286	.....	0.03%

Present law provides for numerous exclusions and exemptions from the state sales and use tax levies.

Present law (R.S. 47:305(D)(1)(b), (c), (d), (g), and (h)) creates an exemption from state sales and use taxes for steam, water, electric power or energy, natural gas, and other energy sources, referred to hereafter as "business utilities".

Notwithstanding the exclusions and exemptions established in present law, each provision of present law that levies a state sales and use tax includes or references an exclusive list of exclusions and exemptions that apply during the period of July 1, 2018, through June 30, 2025. For this same time period, present law effectively suspends all other exclusions and exemptions not appearing in the exclusive list.

Present law exempts business utilities from 2.45% of the state's 4.45% composite sales and use tax during the period of July 1, 2018, through June 30, 2025.

Proposed law adds an exemption from the remaining 2% state sales and use tax levy (R.S. 47:302) for business utilities used predominately and directly in the actual manufacturing process by a manufacturer which has been assigned a code within Sector 31-33 (manufacturing) of the federal government's North American Industry Classification System.

Effective July 1, 2023.

(Adds R.S. 47:302(BB)(119))