

2024 Regular Session

SENATE BILL NO. 268

BY SENATOR CATHEY

TAX/TAXATION. Creates a state sales tax rebate for the purchase of equipment, machinery, and other items used in lithium recovery activities. (gov sig)

1 AN ACT

2 To enact R.S. 47:305.81, relative to sales and use tax rebates; to provide for a state sales and

3 use tax rebate for the purchase of machinery, equipment and other items used in the

4 lithium recovery process; to provide for definitions; to authorize the secretary of the

5 Department of Revenue to promulgate rules; to provide for application procedures;

6 to provide for applicability; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:305.81 is hereby enacted to read as follows:

9 **§47:305.81. Rebate; state sales and use tax for purchases of equipment,**

10 **machinery and other items used in lithium recovery activities**

11 **A. Critical minerals are essential for various industries, including**

12 **energy, defense, and technology. To ensure energy independence for the United**

13 **States, a diversified approach, including supply chain diversification, is also**

14 **critical. To this end, it is recognized as essential to the continued growth and**

15 **development of the critical energy resources of the state and to the continued**

16 **prosperity of the people of the state that lithium recovery projects be**

17 **encouraged. With global demand for lithium expected to quadruple by 2030, it**

1 is also recognized that lithium recovery will benefit the citizens of the state by
2 encouraging energy independence and reducing the reliance on foreign imports
3 of lithium for use in the production of batteries and other items. It is the
4 purpose of this Section to provide an economic incentive to companies to allow
5 them to invest in lithium recovery projects to enhance Louisiana's lithium
6 production to the ultimate benefit of this state and the United States.

7 B. In order to accomplish the purposes set forth in Subsection A of this
8 Section, there shall be allowed a rebate for the state sales tax paid by any
9 company engaged in production from a qualified lithium recovery project, for
10 all equipment, machinery, materials, improvements, and other items purchased
11 in connection with the development, production, operation, storage, processing,
12 or transportation of lithium or lithium refined products in connection with a
13 qualified lithium recovery project.

14 C. The amount of the rebate shall be equal to the amount of state sales
15 tax actually paid by the applicant in connection with the purchase of equipment,
16 machinery, materials, improvements, and other items for use in connection with
17 the development, production, operation, storage, processing, or transportation
18 of lithium or lithium refined products in connection with a qualified lithium
19 recovery project, including, but not limited to, those purchased in connection
20 with the initial development of the project, the drilling of all production and
21 appraisal wells used in connection with the project, the operation of the project,
22 the production of brine in connection with the project, the extraction of lithium
23 from the brine, the reinjection of the brine, any further processing of the
24 extracted lithium, any storage or transportation in connection with the project,
25 and any other equipment, machinery, materials, improvements, and other items
26 purchased in connection with the qualified lithium recovery project.

27 D. For purposes of this Section a qualified "lithium recovery project" is
28 defined as a lithium recovery and processing project conducted in accordance
29 with sound engineering principles as used in the industry, which includes the

1 production of brine and separating the lithium from the brine, employing direct
2 lithium extraction or any other processes or technology.

3 E. An applicant who is claiming the rebate shall apply to the secretary
4 of the Department of Revenue for the rebate in a manner and on a form
5 prescribed by the secretary. To claim the rebate, the applicant shall submit
6 proof of the actual state sales tax paid in connection with qualified purchases
7 under Subsection C of this Section, and any other documentation required by
8 administrative rule.

9 F. The secretary of the Department of Revenue shall verify each
10 applicant's eligibility for the rebate and shall certify the list of eligible
11 applicants and approved rebate amounts.

12 G. The secretary of the Department of Revenue may promulgate rules
13 in accordance with the Administrative Procedure Act, as are necessary to
14 implement the provisions of this Section, including rules related to the recapture
15 of the rebate if an applicant is subsequently determined to be ineligible for the
16 rebate. The recapture of a rebate shall be an obligation to be collected and
17 accounted for in the same manner as if it were a tax due to the secretary.

18 H. The state sales tax rebate provided in this Section shall terminate on
19 December 31, 2025.

20 Section 2. This Act shall be applicable to purchases made on or after July 1, 2024.

21 Section 3. This Act shall become effective upon signature by the governor or, if not
22 signed by the governor, upon expiration of the time for bills to become law without signature
23 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
24 vetoed by the governor and subsequently approved by the legislature, this Act shall become
25 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Danielle Clapinski.

DIGEST

SB 268 Original

2024 Regular Session

Cathey

Proposed law provides that the purpose of the sales tax rebate is to help ensure energy independence for the United States, using a diversified approach. Further it recognizes that growth and development of the critical energy resources of the state is essential to the continued and to the continued prosperity of the people of the state.

Proposed law establishes a rebate for the state sales tax paid by any company engaged in production from a qualified lithium recovery project, on all equipment, machinery, materials, improvements, and other items purchased in connection with the development, production, operation, storage, processing, or transportation of lithium.

Proposed law provides that the amount of the rebate is equal to the amount of state sales tax actually paid by the applicant in connection with the purchase of equipment, machinery, materials, improvements, and other items for use in connection with the development, production, operation, storage, processing, or transportation of lithium or lithium refined products in connection with a qualified lithium recovery project.

Proposed law defines "lithium recovery project" as a lithium recovery and processing project conducted in accordance with sound engineering principles as used in the industry, which includes the production of brine and separating the lithium from the brine, employing direct lithium extraction or any other processes or technology.

Proposed law requires an applicant claiming the rebate to apply to the secretary of the Department of Revenue for the rebate in a manner and on a form prescribed by the secretary. Further requires an applicant to submit proof of the actual state sales tax paid in connection with qualified purchases as well as any other documentation required by administrative rule.

Proposed law requires the Department of Revenue to verify each applicant's eligibility for the rebate and certify the list of eligible applicants and approved rebate amounts.

Proposed law authorizes the secretary of the Department of Revenue to promulgate rules in accordance with the Administrative Procedure Act, as are necessary to implement the provisions of the rebate.

Proposed law terminates the sales and use tax rebate on December 31, 2025.

Applicable to purchases made on or after July 1, 2024.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 47:305.81)