

First Extraordinary Session, 2005

SENATE BILL NO. 38

BY SENATOR MOUNT

TAX/TAXATION. Increases the "suspended" state sales tax exemption for natural gas and electricity so that the effective tax rate for the remainder of the suspension period (1/1/06 - 6/30/09) decreases from 3.8% to 3.3%. (1/1/06)

AN ACT

To amend and reenact R.S. 47:331(P)(2), relative to the sales and use tax of the state and political subdivisions whose boundaries are coterminous with those of the state; to limit the sales tax paid on sales of natural gas and electricity; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:331(P)(2) is hereby amended and reenacted to read as follows:

§331. Imposition of tax

\* \* \*

P. \* \* \*

(2)(a) For the period July 1, 2004, through ~~June 30, 2009~~ **December 31, 2005**, the exemptions to the tax levied by this Section for ~~utilities~~ **sales of steam, water, electric power or energy, and natural gas** shall be inapplicable, inoperable, and of no effect as to eighty percent of the tax levied by this Section. ~~The term "utilities" shall mean sales of steam, water, electric power or energy, and natural gas.~~

**(b)(i) For the period January 1, 2006, through June 30, 2009, the exemptions to the tax levied by this Section for sales of electric power or energy**

1        **and natural gas shall be inapplicable, inoperable, and of no effect as to thirty**  
2        **percent of the tax levied by this Section.**

3                **(ii) For the period January 1, 2006 through June 30, 2009, the**  
4        **exemptions to the tax levied by this Section for sales of steam and water shall**  
5        **be inapplicable, inoperable, and of no effect as to eighty percent of the tax levied**  
6        **by this Section.**

7        Section 2. The secretary of the Department of Revenue is authorized to promulgated  
8        the rules for the administration of the provisions of this Act in accordance with the  
9        Administrative Procedure Act.

10       Section 3. This Act shall be effective January 1, 2006.

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

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#### DIGEST

Present law provides for a sales tax exemption for natural gas and electric power or energy.  
That exemption has been "suspended" for 3.8 of the 4 cents of state sales tax as follows:

From 2.8 of the 4 cents of state sales tax from July 1, 2004, through June 30, 2009  
[R.S. 47:302(R) and 331(P)].

From 1 of the 4 cents of state sales tax for all periods after July 1, 2004 [R.S.  
47:321(H)].

Proposed law provides that the state sales tax exemption for natural gas and electric power  
or energy shall be effective only against .7 of 1 cent of the tax from January 1, 2006, though  
June 30, 2009 - an effective state sales tax rate of 3.3%. When the temporary suspension  
ends on July 1, 2009, (if it is not renewed) the effective tax rate on natural gas and electricity  
will be 1%.

Effective January 1, 2006.

(Amends R.S. 47:331(P)(2))