SLS 051ES-146 ORIGINAL

First Extraordinary Session, 2005

SENATE BILL NO. 46

BY SENATOR CAIN

TAX/SALES. Provides for a state sales and use tax limitation on the sales price and cost price of natural gas. (gov sig)

AN ACT 1 2 To enact R. S. 47:301(3)(j) and (13)(l), relative to the state sales and use tax; to provide for 3 a limitation on the sales price and cost price of natural gas; to provide for an 4 effective date; and to provide for related matters. 5 Be it enacted by the Legislature of Louisiana: 6 Section 1. R.S. 47:301(3)(j) and (13)(l) are hereby enacted to read as follows: CHAPTER 2. SALES TAX 7 8 §301. Definitions 9 As used in this Chapter the following words, terms, and phrases have the 10 meaning ascribed to them in this Section, unless the context clearly indicates a 11 different meaning: 12 13 (3) 14 (j) For the purposes of the sales and use taxes imposed by the state or any 15 16 political subdivision whose boundaries are coterminous with those of the state, the "cost price" of natural gas shall not include any amount in excess of six 17

| 1  | dollars and twenty co          | <u>ents per MN</u> | <u> IBtu.</u> |            |               |            |                    |        |
|----|--------------------------------|--------------------|---------------|------------|---------------|------------|--------------------|--------|
| 2  |                                | *                  | *             | *          |               |            |                    |        |
| 3  | (13)                           | *                  | *             | *          |               |            |                    |        |
| 4  |                                | *                  | *             | *          |               |            |                    |        |
| 5  | (l) For purpo                  | ses of the sa      | ales an       | d use ta   | <u>x impo</u> | sed by th  | <u>1e state oi</u> | r any  |
| 6  | political subdivision          | whose boun         | <u>daries</u> | are cote   | <u>rminou</u> | s with the | ose of the         | state, |
| 7  | the "sales price" of a         | natural gas        | shall n       | ot inclu   | de any        | amount i   | in excess (        | of six |
| 8  | dollars and twenty co          | ents per MN        | <u>IBtu.</u>  |            |               |            |                    |        |
| 9  | Section 2. This Act sh         | all become e       | effectiv      | e upon si  | gnature       | by the go  | vernor or,         | if not |
| 10 | signed by the governor, upon e | expiration of      | the tim       | e for bill | s to beco     | me law w   | ithout sign        | ıature |
| 11 | by the governor, as provided   | by Article II      | I, Secti      | on 18 of   | the Cor       | stitution  | of Louisia         | na. If |
| 12 | vetoed by the governor and su  | bsequently a       | pprove        | d by the   | legislatu     | re, this A | ct shall be        | come   |
| 13 | effective on the day following | g such approv      | val.          |            |               |            |                    |        |

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Carla S. Roberts.

## **DIGEST**

Present law has "suspended" the state sales tax exemption for natural gas and other commercial utilities so that they are subject to state tax at a 3.8% rate until July 1, 2009, and 1% thereafter.

Present law further provides that the sales tax is imposed on the actual price or cost of natural gas.

Proposed law provides for a \$6.20 per MMBtu cap on the price of natural gas that is subject to sales tax.

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

(Adds R.S. 47:301(j) and (13)(l))