

First Extraordinary Session, 2005

SENATE BILL NO. 38

BY SENATORS MOUNT, CAIN, MURRAY AND NEVERS

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.

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

DIGEST

Mount (SB 38)

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))