HLS 21RS-423 ORIGINAL

2021 Regular Session

HOUSE BILL NO. 43

1

BY REPRESENTATIVE DEVILLIER

TAX/SALES-USE-EXEMPT: Exempts certain business utilities from state sales and use taxes

AN ACT

2 To enact R.S. 47:302(BB)(114), relative to state sales and use tax exemptions; to exempt 3 certain utilities from sales and use taxes; to provide for certain limitations; to require 4 the promulgation of rules; to provide for an effective date; and to provide for related 5 matters. 6 Be it enacted by the Legislature of Louisiana: Section 1. R.S. 47:302(BB)(114) is hereby enacted to read as follows: 7 8 §302. Imposition of tax 9 10 BB. Notwithstanding any other provision of law to the contrary, including 11 but not limited to any contrary provisions of this Chapter, beginning July 1, 2018, 12 through June 30, 2025, there shall be no exemptions and no exclusions to the tax 13 levied pursuant to the provisions of this Section, except for the retail sale, use, 14 consumption, distribution, or storage for use or consumption of the following: 15 16 (114)(a) Steam, water, electric power or energy, natural gas, or energy 17 sources as provided in R.S. 47:305(D)(1)(b), (c), (d), (g), and (h), which are used 18 predominately and directly in the actual manufacturing process by a manufacturer 19 which has been assigned a North American Industry Classification System Code within manufacturing Sector 31-33 as published by the United States Bureau of the

2 Census.

3 \* \* \*

- 4 Section 2. The secretary of the Department of Revenue shall promulgate rules in
- 5 accordance with the Administrative Procedure Act to implement the exemption provided for
- 6 in Section 1 of this Act.
- 7 Section 3. This Act shall become effective on July 1, 2021; if vetoed by the governor
- 8 and subsequently approved by the legislature, this Act shall become effective on July 1,
- 9 2021, or on the day following such approval by the legislature, whichever is later.

## **DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 43 Original

2021 Regular Session

**DeVillier** 

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

<u>Present law</u> imposes state sales and use taxes on the sale, use, lease, or rental of tangible personal property pursuant to the following levies for the following amounts:

R.S. 47:302 - 2%

R.S. 47:321 - 1%

R.S. 47:321.1 - .45%

R.S. 47:331 - .97%

R.S. 51:1286 - .03%

<u>Present law</u> provides for a number of exclusions and exemptions that apply generally to state sales and use taxes. Includes an exemption for steam, certain water, electric power or energy, natural gas, and certain energy sources (R.S. 47:305(D)(1)(b), (c), (d), (g), and (h)—hereinafter "business utilities").

Notwithstanding the general exclusions and exemptions in <u>present law</u>, each provision of <u>present law</u> that levies a state sales and use tax includes or references an exclusive list of exclusions and exemptions that apply during the period beginning July 1, 2018, through June 30, 2025. <u>Present law</u> exempts business utilities from 2.45% of the state's 4.45% sales and use tax during this period.

<u>Proposed law</u> adds an exemption from the remaining 2% of state sales and use tax for business utilities used predominately and directly in the actual manufacturing process by a manufacturer which has been assigned a NAICS Code within manufacturing Sector 31-33. The exemption applies through June 30, 2025.

<u>Proposed law</u> requires the Dept. of Revenue to promulgate rules in accordance with <u>present law</u> (Administrative Procedure Act) to implement the provisions of <u>proposed law</u>.

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

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Effective July 1, 2021.

(Adds R.S. 47:302(BB)(114))