

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.

