

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; to provide for limitations with respect to the credit; and  
7 to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:305.81 is hereby enacted to read as follows:

10 **§305.81. Rebate; state sales and use tax for purchases of equipment, machinery,**  
11 **and other items used in lithium recovery activities**

12 **A. Critical minerals are essential for various industries, including**  
13 **energy, defense, and technology. To ensure energy independence for the United**  
14 **States, a diversified approach, including supply chain diversification, is also**  
15 **critical. To this end, it is recognized as essential to the continued growth and**  
16 **development of the critical energy resources of the state and to the continued**  
17 **prosperity of the people of the state that lithium recovery projects be**

1 encouraged. With global demand for lithium expected to quadruple by 2030, it  
2 is also recognized that lithium recovery will benefit the citizens of the state by  
3 encouraging energy independence and reducing the reliance on foreign imports  
4 of lithium for use in the production of batteries and other items. It is the  
5 purpose of this Section to provide an economic incentive to companies to allow  
6 them to invest in lithium recovery projects in Louisiana to enhance Louisiana's  
7 lithium production to the ultimate benefit of this state and the United States.

8 B. In order to accomplish the purposes set forth in Subsection A of this  
9 Section, there shall be allowed a rebate for the state sales tax paid by any  
10 company evaluating, developing, or engaged in production from a qualified  
11 lithium recovery project, for all equipment, machinery, materials,  
12 improvements, and other items purchased and used in Louisiana in connection  
13 with the development, production, operation, storage, processing, or  
14 transportation of lithium or lithium refined products in connection with a  
15 qualified lithium recovery project.

16 C. The amount of the rebate shall be equal to the amount of state sales  
17 tax actually paid by the applicant in connection with the purchase in Louisiana  
18 of equipment, machinery, materials, improvements, and other items for use in  
19 Louisiana in connection with the development, production, operation, storage,  
20 processing, or transportation of lithium or lithium refined products in  
21 connection with a qualified lithium recovery project including but not limited  
22 to those purchased in connection with the initial development of the project, the  
23 drilling of all production, injection, and appraisal wells used in connection with  
24 the project, the operation of the project, the production of brine in connection  
25 with the project, the extraction of lithium from the brine, the reinjection of the  
26 brine, any further processing of the extracted lithium, any storage or  
27 transportation in connection with the project, and any other equipment,  
28 machinery, materials, improvements, and other items purchased in connection  
29 with the qualified lithium recovery project.

1           **D. For purposes of this Section a "qualified lithium recovery project" is**  
2           **defined as a lithium recovery and processing project that is or will be developed,**  
3           **constructed, and operated in Louisiana and that is or will be conducted in**  
4           **accordance with sound engineering principles as used in the industry, which**  
5           **includes the production of brine and separating the lithium from the brine,**  
6           **employing direct lithium extraction or any other processes or technology.**

7           **E. An applicant who is claiming the rebate shall apply to the secretary**  
8           **of the Department of Revenue for the rebate in a manner and on a form**  
9           **prescribed by the secretary. To claim the rebate, the applicant shall submit**  
10           **proof of the actual state sales tax paid in connection with qualified purchases**  
11           **under Subsection C of this Section, and any other documentation required by**  
12           **administrative rule.**

13           **F. The secretary of the Department of Revenue shall verify each**  
14           **applicant's eligibility for the rebate and shall certify the list of eligible**  
15           **applicants and approved rebate amounts.**

16           **G. The secretary of the Department of Revenue may promulgate rules**  
17           **in accordance with the Administrative Procedure Act, as are necessary to**  
18           **implement the provisions of this Section, including rules related to the recapture**  
19           **of the rebate if an applicant is subsequently determined to be ineligible for the**  
20           **rebate. The recapture of a rebate shall be an obligation to be collected and**  
21           **accounted for in the same manner as if it were a tax due to the secretary.**

22           **H. The total amount of tax rebates granted by the department for the life**  
23           **of the program shall not exceed one hundred thousand dollars.**

24           **I. A taxpayer shall not receive any other incentive for any expenditures**  
25           **for which the taxpayer has received a tax rebate pursuant to this Section.**

26           **J. The state sales tax rebate provided in this Section shall terminate on**  
27           **December 31, 2025.**

28           Section 2. This Act shall be applicable to purchases made on or after July 1, 2024.

29           Section 3. This Act shall become effective upon signature by the governor or, if not

1 signed by the governor, upon expiration of the time for bills to become law without signature  
 2 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 3 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 4 effective on the day following such approval.

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The original instrument was prepared by Danielle Clapinski. The following digest, which does not constitute a part of the legislative instrument, was prepared by Curry J. Lann.

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## DIGEST

SB 268 Reengrossed

2024 Regular Session

Cathey

Proposed law provides that the purpose of the sales tax rebate is to help ensure energy independence for the United States, using a diversified approach. Further it recognizes that growth and development of the critical energy resources of the state are essential to the continued prosperity of the people of the state.

Proposed law establishes a rebate for the state sales tax paid by any company engaged in production from a qualified lithium recovery project in Louisiana, on all equipment, machinery, materials, improvements, and other items purchased in Louisiana in connection with the development, production, operation, storage, processing, or transportation of lithium.

Proposed law provides that the amount of the rebate is equal to the amount of state sales tax in Louisiana actually paid by the applicant in connection with the purchase of equipment, machinery, materials, improvements, and other items for use in connection with the development, production, operation, storage, processing, or transportation of lithium or lithium refined products, including injection wells, in connection with a qualified lithium recovery project in Louisiana.

Proposed law defines "qualified lithium recovery project" as a lithium recovery and processing project that is or will be evaluated, developed, constructed, and operated in Louisiana and that is or will be conducted in accordance with sound engineering principles as used in the industry, which includes the production of brine and separating the lithium from the brine, employing direct lithium extraction or any other processes or technology.

Proposed law requires an applicant claiming the rebate to apply to the secretary of the Department of Revenue for the rebate in a manner and on a form prescribed by the secretary. Further requires an applicant to submit proof of the actual state sales tax paid in connection with qualified purchases as well as any other documentation required by administrative rule.

Proposed law requires the Department of Revenue to verify each applicant's eligibility for the rebate and certify the list of eligible applicants and approved rebate amounts.

Proposed law authorizes the secretary of the Department of Revenue to promulgate rules in accordance with the Administrative Procedure Act, as are necessary to implement the provisions of the rebate.

Proposed law limits the total amount of tax rebates granted by the department for the life of the program to \$100,000.

Proposed law prohibits a taxpayer from receiving any other incentive for any expenditures for which the taxpayer has received a tax rebate pursuant to proposed law.

Proposed law terminates the sales and use tax rebate on December 31, 2025.  
Applicable to purchases made on or after July 1, 2024.

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

(Adds R.S. 47:305.81)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Clarifies that all activity eligible for the rebate shall occur in Louisiana.
2. Includes companies engaged in the evaluation and development of a "qualified lithium recovery project" in the rebate.
3. Modifies the definition of "qualified lithium recovery project".
4. Includes costs related to injection wells in the eligible expenditures for the rebate.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Provides for limitations on the rebate.
2. Makes technical changes.