

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

TAX/SALES & USE. Extends termination of the state sales and use tax exclusion for certain alternative substances used as fuel by manufacturers.

DIGEST

Present law provides that, for purposes of the state sales and use tax, the term "sale at retail" shall not include the sale of any alternative substance when such alternative substance is used as a fuel by a manufacturer. Further defines the term "alternative substance" as any substance other than oil and natural gas and any product of oil and natural gas, including petroleum coke, landfill gas, reclaimed or waste oil, unblended biodiesel, or tire-derived fuel, but shall not include coal, lignite, refinery gas, nuclear fuel, or electricity.

Present law provides that, for purposes of the state sales and use tax, the term "use" shall not include the use, consumption, distribution, storage for use or consumption in La., or the exercise of any right or power over an alternative substance as defined in present law when such alternative substance is used as a fuel by a manufacturer.

Present law provides that the term "manufacturer" shall mean a person whose principal activity is manufacturing and who is assigned by the La. Workforce Commission a North American Industrial Classification System (NAICS) code with the agricultural, forestry, fishing, and hunting Sector 11 or the manufacturing Sectors 31-33 as they existed in 2002.

Present law provides that the state sales and use tax exclusion for certain alternative substances used as fuel by manufacturers shall become null and void on June 30, 2012.

Proposed law retains present law but extends the effectiveness of the state sales and use tax exemption from June 30, 2012, to June 30, 2015, but provides that it cannot continue to be effective if the secretary of the Department of Revenue does not receive the certification of "revenue neutrality" before September 1, 2011. Defines "revenue neutrality" as a "reasonable estimation" by the DOA and the LFO that the cost to the state of the tax benefits provided to taxpayers by the exemption are likely to be offset by the economic impact on the state because of the tax benefits provided by that exemption.

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

(Amends §3 of Act No. 345 of the 2005 R.S.)

Summary of Amendments Adopted by Senate

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

1. Requires receipt by the secretary of Revenue by September 1, 2011 of a certificate of "revenue neutrality" for the exemption to continue to be effective.