

Second Extraordinary Session, 2008

HOUSE BILL NO. 12

BY REPRESENTATIVE JANE SMITH

TAX/SALES-USE, STATE: Provides relative to the effectiveness of the state sales and use tax exemption for sales of electricity, natural gas, water, and steam (Item #2)

1 AN ACT

2 To enact R.S. 47:321(K), relative to the sales and use tax; to provide for the effectiveness
3 and applicability of the exemptions for electric power or energy, natural gas, water,
4 and steam; to provide for an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:321(K) is hereby enacted to read as follows:

7 §321. Imposition of tax

8 * * *

9 K. Notwithstanding the provisions of Subsection H of this Section or any
10 other provision of this Chapter to the contrary, for taxable periods beginning on or
11 after July 1, 2008, the exemptions to the tax levied by this Section for electric power
12 or energy, natural gas, steam, and water shall be applicable, operative, and effective.

13 Section 2. This Act shall become effective on July 1, 2008; if vetoed by the governor
14 and subsequently approved by the legislature, this Act shall become effective on July 1,
15 2008, 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)]

Jane Smith

HB No. 12

Abstract: Decreases the state sales and use tax rate for sales of electricity and natural gas from 3.3% to 2.3% and the rate for water and steam from 3.8% to 2.8% for all taxable periods beginning on or after July 1, 2008. Beginning July 1, 2009, the state sales and use tax exemption rate for such items will be fully effective, resulting in no state sales and use tax being imposed on such items.

Present law partially and temporarily suspends the sales tax exemptions on electricity, natural gas, water, and steam with respect to the sales and use taxes levied by R.S. 47:302 and 331 and permanently suspends the sales tax exemption for these products with respect to the tax levied by R.S. 47:321. The tax rate now being collected on these products through June 30, 2009, is 3.3% on sales of natural gas and electricity and 3.8% on sales of water and steam. After June 30, 2009, the tax rate will become 1% as provided by R.S. 47:321.

Proposed law reduces the sales and use tax for sales of electricity and natural gas from 3.3% to 2.3% for all taxable periods beginning on or after July 1, 2008. After June 30, 2009, there will be no state sales and use tax on such items.

Proposed law reduces the sales and use tax for sales of steam and water from 3.8% to 2.8% for all taxable periods beginning on or after July 1, 2008. After June 30, 2009, there will be no state sales and use tax on such items.

Effective July 1, 2008.

(Adds R.S. 47:321(K))