

Regular Session, 2005

HOUSE BILL NO. 811

BY REPRESENTATIVE MORRISH

TAX/SALES-USE, STATE: Provides for a state sales and use tax limitation on the sales price and cost price of natural gas and to phase in the restoration of the sales tax exemption for natural gas

1 AN ACT

2 To amend and reenact R.S. 47:302(R) and 321(I) and to enact R.S. 47:301(3)(j) and (13)(l)
3 relative to the state sales and use tax; to provide for a limitation on the sales price
4 and cost price of natural gas; to provide for a phase in of the restoration of the sales
5 tax exemption for natural gas; to provide for an effective date; and to provide for
6 related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:302(R) and 321(I) are hereby amended and reenacted and R.S.
9 47:301(3)(j) and (13)(l) are hereby enacted to read as follows:

10 §301. Definitions

11 As used in this Chapter, the following words, terms, and phrases have the
12 meaning ascribed to them in this Section, unless the context clearly indicated a
13 different meaning:

14 * * *

15 (3)

16 * * *

17 (j) For purposes of the sales and use taxes imposed by the state or any
18 political subdivision whose boundaries are coterminous with those of the state, the

1 "cost price" of natural gas shall not include any amount in excess of four dollars and
2 fifty cents per million British thermal units.

3 * * *

4 (13)

5 * * *

6 (l) For purposes of the sales and use tax imposed by the state or any political
7 subdivision whose boundaries are coterminous with those of the state, the "sales
8 price" of natural gas shall not include any amount in excess of four dollars and fifty
9 cents per million British thermal units.

10 * * *

11 §302. Imposition of tax

12 * * *

13 R.(1) Notwithstanding any other provision of law to the contrary, including
14 but not limited to any contrary provisions of this Chapter, for the period July 1, 2004
15 through June 30, 2009, the exemptions to the tax levied pursuant to the provisions
16 of this Section, except for those exemptions provided by R.S. 39:467 and 468, R.S.
17 47:305(A)(1), (B), (D)(1)(f), (j), (k), (l), (m), (s), and (t), and (G), 305.1, 305.2,
18 305.3, 305.8, 305.10, 305.14, 305.15, 305.20, 305.25(A)(1) and (2), 305.37, 305.38,
19 305.46, 305.50, 305.51, and R.S. 51:1787, shall be inapplicable, inoperable, and of
20 no effect.

21 (2) However, the exemption for natural gas provided by R.S.
22 47:305(D)(1)(g) shall be applicable, operable, and effective as to fifty percent of the
23 tax levied by this Section for the period July 1, 2006 through June 30, 2007, and
24 shall be applicable, operable, and effective as to one hundred percent of the tax
25 levied by this Section after June 30, 2007.

26 * * *

27 §321. Imposition of tax

28 I.(1) Notwithstanding any other provision of law to the contrary and
29 specifically notwithstanding any provision enacted during the 2004 First

1 Extraordinary Session which makes any sales and use tax exemption inapplicable,
2 inoperable, and of no effect, the exemption provided in R.S. 47:305.51 shall be
3 applicable, operable, and effective for the period July 1, 2004 through June 30, 2007.

4 (2) However, the exemption for natural gas provided by R.S.
5 47:305(D)(1)(g) shall be applicable, operable, and effective as to one hundred
6 percent of the tax levied by this Section after June 30, 2008.

7 Section 2. This Act shall become effective for all taxable periods beginning on or
8 after July 1, 2005.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

Morrish

HB No. 811

Abstract: Provides for a \$4.50 per million BTUs cap on the price of natural gas that is subject to sales tax and provides for the phased-in restoration of the sales tax exemption for natural gas.

Present law provides for the imposition of the state sales tax on natural gas at a 3.8% rate until June 30, 2009.

Present law provides for the sales tax to be imposed on the actual price of cost of the natural gas.

Proposed law provides for a \$4.50 per million BTUs cap on the price of natural gas that is subject to sales tax.

Proposed law reduces the sales tax rate on natural gas to 2.8% for the period from July 1, 2006 through June 30, 2007, 1.8% for the period from July 1, 2007 through June 30, 2008, 0.8% for the period from July 1, 2008 through June 30, 2009. The exemption for natural gas would be fully restored as of July 1, 2009.

Effective for all taxable periods beginning on or after July 1, 2005.

(Amends R.S. 47:302(R) and 321(I); Adds R.S. 47:301(3)(j) and (13)(I))