

Regular Session, 2005

SENATE BILL NO. 85

BY SENATOR NEVERS

TAX/SALES. Grants an exclusion from state sales tax for utilities and fuel used directly in the actual process of manufacturing renewable resources into articles of tangible personal property for resale. (7/1/05)

1 AN ACT

2 To enact R.S. 47:301(10)(y) and (18)(k), relative to sales tax; to grant a certain exclusion for  
3 certain manufacturing; and to provide for related matters.

4 Be it enacted by the Legislature of Louisiana:

5 Section 1. R.S. 47:301(10)(y) and (18)(k) are hereby enacted to read as follows:

6 §301. Definitions

7 As used in this Chapter the following words, terms, and phrases have the  
8 meaning ascribed to them in this Section, unless the context clearly indicates a  
9 different meaning:

|    |      |   |   |   |
|----|------|---|---|---|
| 10 |      | * | * | * |
| 11 | (10) | * | * | * |
| 12 |      | * | * | * |

13 (y) Solely for purposes of the sales and use tax imposed by the state or  
14 by any political subdivision whose boundaries are coterminous with those of the  
15 state, the term "retail sale" or "sale at retail" shall not include the sale of  
16 utilities and fuel used directly in the actual process of manufacturing renewable  
17 resources into articles of tangible personal property for resale. For purposes of



equipment, that is:

"Manufacturing" means putting raw materials through a series of steps that brings about a change in their composition or physical nature in order to make a new and different item of tangible personal property that will be sold to another. Manufacturing begins at the point at which raw materials reach the first machine or piece of equipment involved in changing the form of the material and ends at the point at which manufacturing has altered the material to its completed form. Placing materials into containers, packages, or wrappings in which they are sold to the ultimate consumer is part of this manufacturing process.

This definition of "manufacturing" excludes the following:

- (1) Repackaging or redistributing.
- (2) The cooking or preparing of food products by a retailer in the regular course of retail trade.
- (3) The storage of tangible personal property.
- (4) The delivery of tangible personal property to or from the plant.
- (5) The delivery of tangible personal property to or from storage within the plant.
- (6) Actions such as sorting, packaging, or shrink wrapping the final material for ease of transporting and shipping.

Effective July 1, 2005.

(Adds R.S. 47:301(10)(y) and (18)(k))