

**Revenue Information Bulletin No. 15-016**

June 29, 2015  
Sales and Use Tax

**Suspension Of Business Utility Exemptions in Accordance with  
House Concurrent Resolution No. 8 of the 2015 Regular Session of the Legislature**

[House Concurrent Resolution No. 8](#) (hereafter “HCR No. 8”) of the 2015 Regular Session of the Legislature suspends the exemptions from the tax levied pursuant to R.S. 47:331 for sales of steam, water, electric power or energy, and natural gas, including but not limited to the exemptions found in R.S. 47:305(D)(1)(b), (c), (d), and (g), and any other exemptions provided in those portions of Chapter 2 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, which provide for exemptions for business utilities from the state sales tax.

**Business Utilities Affected by the Suspension**

The business utilities exemptions suspended by HCR No. 8 are as follows:

I. R.S. 47:305(D)(1)(b),(c), (d), and (g) as follows:

(b) Steam.

(c) Water (not including mineral water or carbonated water or any water put in bottles, jugs or containers, all of which are not exempted).

(d) Electric power or electric energy and any material or energy sources used to fuel the generation of electric power for resale or used by an industrial manufacturing plant for self-consumption or cogeneration.

(g) Natural gas.

II. R.S. 47:305(D)(1)(h) All energy sources when used for boiler fuel, except refinery gas.

III. R.S. 47:305.51 Utilities Used by Steelworks and Blast Furnaces.

**Amount of the Sales Tax Imposed during the Suspension**

For taxable periods beginning on or after July 1, 2015 through August 5, 2016, the state sales tax imposed upon sale at retail, use consumption, the distribution, and the storage to be used or consumed in the taxing jurisdiction will be subject to the one percent state sales tax levied in R.S. 47:331 and R.S. 51:1286.

Louisiana Revised Statute 47:331 imposes a sales tax at the rate of ninety-seven one hundredths of one percent (0.97%) upon the sale at retail, the use, the consumption, the distribution, and the storage for use or consumption in this state of each item or article of tangible personal property.

Louisiana Revised Statute 51:1286(A) imposes a sales and use tax not to exceed three one hundredths of one percent (0.03%) to provide funds for the purpose of assisting the state in the promotion of tourism. Louisiana Revised Statute 51:1286(B) provides that a tax shall be levied upon the sale at retail, the use, the lease or rental, the distribution, the consumption, and the storage for use or consumption of tangible personal property, and on sales of services subject to the exemptions and suspensions of exemptions to

the same extent that such exemptions and suspensions of exemptions now or hereafter apply to the tax levied in R.S. 47:331.

Business utilities, for which the sales tax exemptions have been suspended by HCR No. 8, are subject to the state sales taxes levied pursuant to La. R.S. 47:331 and 51:1286.

### **Length of Suspension**

HCR No. 8 provides for a partial suspension of the state sales tax exemption for business utilities from July 1, 2015 until sixty days after final adjournment of the 2016 Regular Session of the Legislature. The 2016 Regular Session of the Legislature will adjourn on June 6, 2016 and sixty days after adjournment will fall upon the date of August 5, 2016. **The suspension of the state sales tax exemptions for business utilities will begin on July 1, 2015 and will expire on August 5, 2016.**

### **Reporting**

Utility companies must use a special formula to calculate the taxes due for metered service periods that include days before and after the July 1, 2015, rate change. For example, if a nonresidential meter is read on July 5, 2015, with 30 days in the service period since the previous reading, 25/30ths of the charges for the period will be subject to the tax at the lower rate that was applicable before July 1, 2015. The remainder or 5/30ths of the charges for the period will be subject to the higher rate applicable to nonresidential sales for periods on and after July 1, 2015. These fractions will change for each meter reading date.

### **Business Utilities Not Affected by the Suspension**

Business utilities which are excluded from sales tax under the provisions of La. R.S. 47:301 are *not* subject to the suspension of the sales tax exemptions provided in HCR No. 8. For example, R.S. 47:301(10)(c)(i)(bb) excludes natural gas used in the direct reduced iron process, 301(10)(c)(ii)(aa) for electricity used by chlor-alkali facilities, and 301(13)(m) for electricity and natural gas used by wood and paper facilities; these facilities will remain excluded from tax because they are protected by an exclusion.

Questions concerning this matter can be directed to the Policy Information Center at 1-855-307-3893 Option 4 or via email at Policy@la.gov.

**Tim Barfield**  
**Secretary**