

Revenue Information Bulletin No. 02-001
January 20, 2002
Sales Tax

2002 Cost Price for Refinery Gas

Louisiana Revised Statute 47:301(3)(f) provides that the value for refinery gas will be computed annually by multiplying 52 cents per thousand cubic feet by a fraction of which the numerator is the posted price for a barrel of West Texas Intermediate Crude Oil on December first of the preceding calendar year and the denominator is \$29. Since December 1, 2001, fell on a Saturday, the posted price used in the computation was the average of the posted prices for West Texas Intermediate Crude Oil as reported by the *Wall Street Journal* for November 30, 2001, and December 3, 2001. This average was \$16.95. The cost price for refinery gas was computed as follows:

$$\$0.52 \times \left(\frac{\$16.95}{\$29} \right) = \$0.304 \text{ per MCF}$$

Accordingly, the cost price for refinery gas for use tax purposes for calendar year 2002 has been set at \$.304 per thousand cubic feet (MCF). This price is the maximum value that can be set for refinery gas by state and local authorities.

Refinery gas that is sold, exchanged, or bartered, rather than used by the producer, is subject to sales tax. The sales tax is based on the greater of the actual selling price or the average monthly spot market price of one MCF of natural gas delivered into pipelines in Louisiana as reported by the Natural Gas Clearing House and as determined by the Department of Revenue for natural gas severance tax purposes. Refinery gas is subject to both state and local use tax, regardless of its use.

Refinery gas valuations for 2002 and previous years are as follows:

2002	\$.304
2001	\$.58
2000	\$.41
1999	\$.20
1998	\$.335

For questions concerning the cost price for refinery gas for state purposes, call the Taxpayer Services Division at (225) 219-7318. Questions about the valuation adopted by local authorities should be directed to the appropriate local authority.

Cynthia Bridges
Secretary

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