



**Revenue Information Bulletin
No. 03-004
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Sales Tax**

2003 Taxable Cost Price for Refinery Gas

The purpose of this Revenue Information Bulletin is to announce the use taxable cost price of refinery gas for calendar 2003, as determined under the formula provided by Louisiana Revised Statute 47:301(3)(f).

This statute provides that the use taxable value of refinery gas will be computed annually by multiplying 52 cents per thousand cubic feet by a fraction, the numerator of which is the posted price for a barrel of West Texas Intermediate Crude Oil on December 1st of the preceding calendar year, and the denominator of which is \$29.00. Since December 1, 2002, fell on a Sunday, the average posted price used in the department's computation is that for Monday, December 2, 2002, as reported in the *Wall Street Journal*. The average posted price of a barrel of West Texas Intermediate Crude Oil on that date was \$24.575. The use taxable cost price of refinery gas for calendar 2003 is, therefore, computed as follows:

$$\$0.52 \times (\$24.575/29.00) = \$0.441 \text{ per MCF}$$

Accordingly, the calendar 2003 cost price of refinery gas for use tax purposes has been set at \$0.441 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. Under R.S. 47:301(13)(d), 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 taxable values for previous years are as follows:

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

For questions concerning the taxable value of refinery gas, please call the Taxpayer Services Division at (225) 219-7356. Questions about the taxable valuation adopted by local sales tax authorities should be directed to the appropriate local authorities.

Cynthia Bridges
Secretary

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