

**Revenue Information Bulletin  
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Sales Tax**

**Legislature Provides Sales Tax Exclusion for Butane, Propane, and Other Fuels and Gases for Residential Use**

Act 8 of the 2004 First Extraordinary Legislative Session has enacted R.S. 47:301(10)(x) to provide an exclusion from the terms “retail sale” or “sale at retail” for purchases of any fuel or gas, including but not limited to butane and propane, for residential use by the consumer. This new statutory exclusion compliments the sales and use tax exclusion provided by Article VII, Section 2.2 of the Louisiana Constitution for natural gas, and electricity sold directly to the consumer for residential purposes. The act is effective July 1, 2004, so state sales tax must continue to be paid on purchases of butane and propane used for residential purposes before then. However, residentially used natural gas and electricity, which were excluded by the Constitution effective July 1, 2003, continue to be exempt.

Under Act 8, “the sale or purchase by a consumer of any fuel or gas, including but not limited to butane and propane, for residential use by the consumer” is exempt from tax. This language has the same meaning as “sold directly to the consumer for residential use” under Article VII, Section 2.2(C) of the Constitution with respect to natural gas, electricity, and water. Article VII, Section 2.2(C) provides as follows:

**(C)** As used in this Section, the term “sold directly to the consumer for residential use” includes the furnishing of natural gas, electricity, or water to single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which residences are separately metered or measured, regardless of the fact that a person other than the resident is contractually bound to the supplier for the charges, actually pays the charges, or is billed for the charges. The use of electricity, natural gas, or water in hotel or motel units does not constitute residential use.

To qualify for either exemption, the residences for which the fuels are purchased do not have to be the principal residences of the occupants. Eligible residences include single-family homes, duplexes, triplexes, apartment units, condominiums, town homes, and camps, provided that the fuels are billed separately for each occupied unit.

**Examples of Fuel Sales That Are Not Eligible for Exclusion:**

- Sales of fuels, where a single meter is used to measure consumption by several residential units;
- Sales of fuels for a building or facility that is used for nonresidential purposes, such as a business, commercial, industrial, or institutional facility;

- Sales of fuels for hotels, motels, bed and breakfasts, rooming houses, campgrounds, and nursing homes; and
- Sales of fuels, typically in containers, for use in outdoor cooking and heating.

Questions concerning this matter can be directed to the Taxpayer Services Division at 225.219.7356.

Cynthia Bridges  
Secretary