



NONRESIDENTIAL SALES AND PURCHASES OF NATURAL GAS, ELECTRICITY, WATER UTILITY SERVICE, AND STEAM TO BE RESTORED TO FULL EXEMPT STATUS

The Louisiana Department of Revenue (the “Department”) recently reported that nonresidential sales and purchases of natural gas, electricity, water utility service, and steam are to be restored to full exempt status under the state sales tax regime, effective July 1, 2009. Nonresidential sales and purchases of natural gas and electricity are currently taxed at 2.3%, and nonresidential sales of steam and water are currently taxed at 2.8%.

Additionally, the Department reported that the rate of state sales tax on most other suspended sales tax exemptions will be reduced to 1%, effective July 1, 2009. Affected sales tax exemptions are those that were fully suspended through June 30, 2009, by Act 4 of the 2004 First Extraordinary Session of the Louisiana Legislature. Included among the exemptions that will be subject to the 1% sales tax are:

- Energy sources, used to fuel the generation of electric power for resale or used by an industrial manufacturing plant for self-consumption or cogeneration, R.S. 47:305(D)(1)(d)
- All energy sources when used for boiler fuel except refinery gas, R.S. 47:305(D)(1)(h)
- Leases of vessels for use offshore for the production of oil, gas, sulphur, and other minerals or for the providing of services to those engaged in such production, R.S. 47:305.19

All exempt transactions that were not originally affected by the suspension of exemptions will continue to be fully exempt from the state sales tax.

A complete list of specific exemptions that will be subject to the 1% tax, as well as a complete list of those fully exempt transactions not subject to the 1% tax, can be found in Louisiana DOR Revenue Information Bulletin No. 09-014, which will soon be posted to the Department’s website [here](#). A copy of the Department’s bulletin is also [attached here](#).

If you have any questions or would like additional information regarding these recent changes, please feel free to contact [William M. Backstrom, Jr.](#), [Jesse R. Adams, III](#), or any other member of the Jones Walker State & Local Tax Team.



Remember that these legal principles may change and vary widely in their application to specific factual circumstances. You should consult with counsel about your individual circumstances. For further information regarding these issues, contact:

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