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## DIGEST

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HB 121 Original

2016 First Extraordinary Session

Jackson

**Abstract:** Imposes a state sales tax on sales of gasoline, diesel fuels, and special fuels with the amount of the exemption depending on the price of oil per barrel.

Present law provides definitions for purposes of the state sales and use tax and for the sales and use taxes imposed by certain political subdivisions.

Present law excludes sales of fuel, gas, butane, and propane from the definition of "sale at retail" for purposes of imposition of the state sales tax and sales tax imposed by a political subdivision with boundaries coterminous with the state.

Proposed law retains present law with respect to the exclusion for purposes of imposition of a sales tax imposed by the state on butane and propane but deletes the exclusion for sales of fuel and gas for purposes of imposition of the state sales tax.

Present law exempts the sale of gasoline from sales tax imposed by a taxing authority.

Proposed law repeals this exemption.

Proposed law imposes on the sale of gasoline, diesel fuels, and special fuels, the state sales and use taxes levied in R.S. 47:302, 321, and 331 as follows:

- (1) When the price of oil per barrel is less than \$40, all state sales and use tax levies shall apply.
- (2) When the price of oil per barrel is \$40 or greater, and less than \$60, the state sales and use tax levied in R.S. 47:302 shall apply.
- (3) When the price of oil per barrel is \$60 or greater, no state sales and use tax levies shall apply so that sales of gasoline, diesel fuels, and special fuels are exempt from state sales and use tax.

Proposed law requires the secretary of the Dept. of Revenue to annually set the base rate of the price of oil per barrel using the average New York Mercantile Exchange for the three months preceding Jan. 1st for purposes of determining the rate of state sales tax that applies to the sale of gasoline, diesel fuels, and special fuels for the calendar year.

Proposed law requires the avails the tax collected pursuant to proposed law to be deposited in the

Transportation Trust Fund.

Effective when the proposed amendment of Article VII, §27(A) of the La. Const. is adopted at a statewide election and becomes effective.

(Amends R.S. 47:301(10)(x) and 305(D)(1)(a); Adds R.S. 47:301.3)