

## **Distribution of Business Utilities Sales Tax, Estimated by Major Industry Groups**

The table below displays estimates of the share and dollar amount of tax payments associated with the State's current sales tax on utilities purchased by businesses in various major industry groups. The estimates are made on the basis of the full current level of tax and a 1% tax basis.

<b><u>Industry</u></b>	<b><u>Share</u></b>	<b><u>Tax \$, 3.3%</u></b>	<b><u>Tax \$, 1%</u></b>
Chemical Manufacturing	21.6%	\$48,300,000	\$14,600,000
Transportation Industries	14.5%	\$32,500,000	\$9,800,000
Wholesale & Retail Trade	11.7%	\$26,200,000	\$7,900,000
Financial Services	9.4%	\$21,000,000	\$6,400,000
Professional & Business Services	6.8%	\$15,200,000	\$4,600,000
Hospitality & Food Service	6.6%	\$14,700,000	\$4,500,000
Metals & Machinery Manufacturing	5.5%	\$12,300,000	\$3,700,000
Health Care & Social Assistance	4.4%	\$9,900,000	\$3,000,000
Leisure & Amusement	3.3%	\$7,300,000	\$2,200,000
Natural Resources & Mining	3.1%	\$7,000,000	\$2,100,000
Food & Beverage Manufacturing	3.1%	\$6,900,000	\$2,100,000
Personal Services	3.0%	\$6,600,000	\$2,000,000
Utilities & Construction	2.5%	\$5,600,000	\$1,700,000
Vehicles & Transportation Equipment	1.5%	\$3,420,000	\$1,040,000
Information Industries	1.3%	\$2,830,000	\$860,000
Furniture & Misc. Manufacturing	0.7%	\$1,600,000	\$480,000
Educational Services	0.6%	\$1,440,000	\$440,000
Electrical Equipment Manufacturing	0.4%	\$830,000	\$250,000
Agricultural & Forestry	<u>0.2%</u>	<u>\$400,000</u>	<u>\$120,000</u>
Total	100.0%	\$224,000,000	\$68,000,000

The estimates above were generated utilizing ratios of electricity and natural gas energy to total output for all private sector industries contained in the current version of the 70-sector Louisiana economic and policy simulation model provided by Regional Economic Models, Inc., commonly referred to as the REMI model. These ratios ultimately reflect energy use by industry at the national level, and the underlying assumption of the table above is that firms in the state are similar in energy use to their nationwide industries.

Current state law imposes a 3.3% tax on business electricity and natural gas energy purchases, as well as a 3.8% tax on business purchases of steam and water. The tax dollars associated with steam and water purchases are a relatively small component of the total business utilities tax receipts (about 3.5%), and are included in the allocation above on the basis electricity and natural gas energy purchases.