

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 294** HLS 25RS 13

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 10, 2025	12:27 PM	Author: BAGLEY
Dept./Agy.: Energy and Natural Resources		Analyst: Deborah Vivien
Subject: Severance Tax Remission to Local Parishes		

TAX/SEVERANCE TAX OR -\$65,000,000 GF RV See Note Page 1 of 1
(Constitutional Amendment) Provides relative to severance tax revenues remitted to parishes in which the associated severance occurs

Current Constitution allocates 1/5 or 20% of severance tax collections other than lignite, sulphur and timber to the governing authority of the parish in which the severance occurs up to a constitutional cap. The current cap is \$850,000 per parish, growing annually by the change in calendar year CPI-U from the previous year as adopted by the REC. Current Constitution contains a trigger increasing the cap to \$1.85 M in the first year actual state severance collections exceed the levels of FY 09, increasing to \$2.85 M in the second year and beyond growing by inflation. Under the trigger, 50% of the increase over FY 12 parish remittances must be spent on transportation projects for the same purpose as the Parish Transportation Fund.

Proposed amendment repeals the parish severance cap, including all trigger language, in FY 28 and beyond, allowing 20% of severance tax collections to be sent to the locals. Effective July 1, 2027 upon voter approval on November 3, 2026.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	(\$65,000,000)	(\$67,000,000)	(\$132,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$65,000,000	\$67,000,000	\$132,000,000
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The Secretary of State may incur minimal ballot processing costs associated with this measure. As a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments and statewide propositions for the fall statewide elections. To the extent the ballot includes more than 10 constitutional amendments and statewide propositions, the Secretary of State may require additional SGF resources.

There is no other anticipated direct material effect on state governmental expenditures as a result of this measure.

REVENUE EXPLANATION

As the local cap is repealed in FY 28, the bill will reduce state general fund revenue by about \$65 M annually in FY 28 and beyond based on 12/19/24 REC estimates as the entirety of 20% of severance tax (less timber) will be dedicated.

The local severance cap in place for FY 25 is about \$1.2 M, which is the maximum parishes are currently receiving. Under the bill, those parishes that were previously reaching the cap will begin to receive larger allocations in FY 28. Parishes not reaching the cap will see no change from the bill. However, a few parishes with very high production activity, such as Caddo, Desoto, and Plaquemines could receive tens of millions more annually with a corresponding equal reduction to the SGF.

Any change to the official forecast of severance tax collections in FY 28 and beyond will necessarily change the estimated impact of this bill by a similar magnitude. For instance, Treasury reports that had this bill been in place for FY 24 actuals, the reduction to the SGF and increase to the locals would have been closer to \$126 M.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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