HOUSE SUMMARY OF SENATE AMENDMENTS

HB 495

2025 Regular Session

Geymann

TAX/SEVERANCE TAX: Limits the severance tax exemption for gas produced from certain horizontally drilled wells

Synopsis of Senate Amendments

1. Provides that <u>proposed law</u> shall not take effect and become operative if House Bill No. 600 of this 2025 R.S. is not enacted and does not become effective.

Digest of Bill as Finally Passed by Senate

<u>Present law</u> provides for the levy of a severance tax on natural resources severed from the soil or water. Provides that the rate of severance tax is predicated on the quantity or value of the products or resources severed. Establishes severance tax rates on resources subject to the tax.

<u>Present law</u> establishes an exemption, known commonly as the "horizontal well exemption", for oil and gas produced from horizontally drilled wells or horizontally drilled recompletion wells as defined in <u>present law</u>.

<u>Present law</u> provides that the horizontal well exemption for oil and gas shall last for a period of 24 months or until payout of the well cost is achieved, whichever comes first.

<u>Proposed law</u> retains the horizontal well exemption as provided in <u>present law</u> for oil and for gas produced from wells completed before July 1, 2025.

<u>Proposed law</u> limits the duration for which the exemption applies to gas produced from wells completed on or after July 1, 2025, <u>to</u> a period of 18 months or until payout of the well cost is achieved, whichever comes first.

Proposed law otherwise retains present law.

Proposed law applies to taxable periods beginning on or after July 1, 2025.

Effective July 1, 2025. <u>Proposed law</u> stipulates, however, that it shall not take effect and become operative if House Bill No. 600 of this 2025 R.S. is not enacted and does not become effective.

(Amends R.S. 47:633(7)(d)(intro. para.))