



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **HB 602** HLS 26RS 770  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.: **w/ PROP HSE COMM AMD**  
 Sub. Bill For.:

**Date:** March 23, 2026 2:03 PM **Author:** BAMBURG  
**Dept./Agy.:** Revenue **Analyst:** Mimi Blanchard  
**Subject:** Parish Severance Tax Remittance Cap

TAX/SEVERANCE TAX Page 1 of 1  
 (Constitutional Amendment) Increases the maximum annual amount of severance tax revenues that may be 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 parish governing authority 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.

Proposed Constitution allows for parishes who elect to exempt business inventory from ad valorem taxes to raise their cap to \$3 M beginning in FY 27, \$6 M in FY 28, \$9 M in FY 29, \$12 M in FY 30, and \$15 M in FY 31. In FY 32 and each FY thereafter the cap shall be increased by the change in calendar year CPI-U from the previous year as adopted by the REC (as in current law).  
 Effective upon voter approval on November 3, 2026.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	<b>SEE BELOW</b>	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	
<b>Annual Total</b>						

**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 for the November 3, 2026, statewide election. Any expenditure impact would be realized in FY 27.

**REVENUE EXPLANATION**

SGF revenues will be indeterminably decreased from FY 27 to FY 31 and beyond, with a corresponding increase in Local revenues, depending on the number of parishes that elect to exempt their business inventory ad valorem tax, and the amount of severance tax collections in those parishes.

The local severance cap in place for FY 26 is approximately \$1.2 M, which is the maximum parishes are currently receiving. Proposed constitutional amendment raises the cap on parish severance tax distributions for parishes that elect to exempt their business inventory ad valorem tax to \$3 M beginning in FY 27, \$6 M in FY 28, \$9 M in FY 29, \$12 M in FY 30, and \$15 M in FY 31. Parishes that elect to exempt the business inventory tax and are currently reaching the severance tax cap would begin receiving larger allocations beginning in FY 27. Parishes that do not elect to exempt the business inventory tax, or that do not currently reach the cap, would see no change from the bill. For illustrative purposes, below are the estimated affects of applying the proposed caps to FY 23, FY 24, and FY 25 actual collections for all parishes:

Cap Amounts	FY 23	# Parishes	FY 24	# Parishes	FY 25	# Parishes
\$3M	\$21.2	14	\$14.0	10	\$ 8.6	5
\$6M	\$50.3	9	\$40.7	8	\$19.5	3
\$9M	\$69.8	4	\$57.6	5	\$26.7	2
\$12M	\$80.1	3	\$72.3	4	\$30.3	0
\$15M	\$89.1	3	\$82.0	2	\$30.3	0

*\*Note: Current Constitution does not allow for parishes to optionally exempt business inventory ad valorem tax. A separate constitutional amendment would be required to enable the provisions of this constitutional amendment. The amendment on the May 16, 2026, statewide ballot (Act 221 of 2025 RS) would meet the enabling requirement.*

*\*Note: Any decrease in remittances to the Treasury after parish allocations will subsequently decrease SGF along with multiple funds in various agencies, including Department of Wildlife and Fisheries, Department of Conservation and Energy, and Coastal Protection and Restoration Authority, that receive dedications from severance taxes after required allocations.*

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}

**Alan M. Boxberger**  
 Legislative Fiscal Officer