
DIGEST

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HB 461 Engrossed

2017 Regular Session

Bishop

Abstract: Re-establishes a severance tax exemption for production from a certified inactive oil and gas well for a 50% tax exemption for 10 years, and establishes an exemption for production from a certified orphan well for a 75% exemption for 10 years, both exemptions would be effective from July 1, 2018, through June 30, 2022.

Present law authorizes a five year exemption from severance tax for production from oil and gas wells that are returned to service after being inactive for two or more years or having thirty days or less of production during the past two years (inactive well), effective July 1, 2006, through June 30, 2010.

Proposed law changes present law by changing the extent and duration of the exemption for production from an inactive well from five years at 100% to 10 years at 50% and by establishing a new effective period beginning July 1, 2018, through June 30, 2022.

Proposed law changes present law by establishing an exemption for production from a well with orphan well designation for at least 60 months, which exemption provides a 50% rate reduction for a duration of 10 years, effective for the period from July 1, 2018, through June 30, 2022.

(Amends R.S. 47:633(7)(c)(iv))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Add a limit on the duration of the exemptions, July 1, 2018, through June 30, 2022.
2. Add technical changes regarding administration.