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## DIGEST

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HB 658 Original

2021 Regular Session

Coussan

**Abstract:** Exempts from severance tax oil produced from newly completed wells that are undergoing or have undergone well enhancements including but not limited to re-entries, workovers, sidetracks, or plugbacks under certain circumstances.

Present law imposes a tax on natural resources severed from the soil or water based upon quantity or value of the products or resources severed.

Present law establishes a severance tax on oil at a rate of 12.5% of its value at the time and place of severance. The value is the higher of: (1) gross receipts received from the first purchaser, less charges for trucking, barging and pipeline fees, or (2) the posted field price.

Proposed law creates an exemption for oil produced from a newly completed well that is undergoing or has undergone well enhancements that require a Dept. of Natural Resources permit such as re-entries, workovers, sidetracks, or plugbacks, when production occurs on or after Jan. 1, 2022, and on or before Dec. 31, 2024.

Proposed law provides that the exemption for a newly completed well that is undergoing or has undergone well enhancements shall be for the first five thousand barrels produced following the completion of the enhancement.

Proposed law also provides that there may be no more than one exemption per wellhead.

Proposed law requires, no later than March 1, 2024, the Dept. of Revenue to report the number and cost of exemptions claimed to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs.

Proposed law prohibits an operator in violation of Statewide Order 29-B from being eligible for the exemption if the office of conservation is authorized to withhold a permit application from the operator pursuant to present law.

Proposed law requires the interest on a refund of severance tax to an operator whose well qualified for this exemption be paid in accordance with present law (R.S. 47:1624(A)(2)).

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:633(7)(e))

