

2023 Regular Session

HOUSE BILL NO. 277

BY REPRESENTATIVE BAGLEY

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/SEVERANCE TAX: (Constitutional Amendment) Provides relative to severance tax revenues remitted to parishes in which the associated severance occurs

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

A JOINT RESOLUTION

Proposing to amend Article VII, Section 4(D)(3) and (4) of the Constitution of Louisiana, relative to state severance tax revenues; to increase the limit on the amount of such revenues remitted to parishes; to authorize the legislature to enact laws relative to the expenditure by parishes of such remitted amounts; to repeal provisions for an increase in state severance tax revenues to be remitted to parishes contingent upon certain conditions; to implement provisions pertaining to deposit of certain revenues into the Atchafalaya Basin Conservation Fund; to provide for submission of the proposed amendment to the electors; to provide an effective date; and to provide for related matters.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 4(D)(3) and (4) of the Constitution of Louisiana, to read as follows:

§4. Income Tax; Severance Tax; Political Subdivisions

Section 4.

* * *
D.
* * *

1 (3)(a) Effective July 1, 2007 2024, subject to the limitation provided in
2 Subsubparagraph (b) of this Subparagraph, one-fifth of the severance tax on all
3 natural resources other than sulphur, lignite, or timber shall be remitted to the
4 governing authority of the parish in which severance or production occurs.

5 (b) The ~~initial maximum~~ annual amount remitted to ~~the a~~ a parish in
6 accordance with this Subparagraph in which severance or production occurs shall not
7 exceed ~~eight hundred fifty thousand~~ ten million dollars. The ~~maximum amount~~
8 remitted shall be increased each July first, beginning in 2008, by an amount equal to
9 the average annual increase in the Consumer Price Index for all urban consumers, as
10 published by the United States Department of Labor, for the previous calendar year,
11 as calculated and adopted by the Revenue Estimating Conference.

12 (c) The legislature may enact laws providing for the use by parishes of
13 amounts remitted in accordance with this Subparagraph.

14 (4) ~~Effective April 1, 2012, the provisions of this Subparagraph shall be~~
15 ~~implemented if and when the last official forecast of revenues adopted for a fiscal~~
16 ~~year before the start of that fiscal year contains an estimate of severance tax revenues~~
17 ~~derived from natural resources other than sulphur, lignite, or timber in an amount~~
18 ~~which exceeds the actual severance tax revenues from such natural resources~~
19 ~~collected in Fiscal Year 2008-2009. Upon the adoption of such official forecast, the~~
20 ~~Revenue Estimating Conference shall certify that the requirements for the~~
21 ~~implementation of the provisions contained in this Subparagraph have been met. In~~
22 ~~such event, the following distributions and allocations of severance tax revenues and~~
23 ~~other revenues provided in this Subparagraph shall be effective and implemented for~~
24 ~~the fiscal year for which the official forecast was adopted, and each year thereafter.~~
25 ~~The legislature shall provide by law for the administrative procedures necessary to~~
26 ~~change the severance tax allocation to parishes from a calendar year basis to a fiscal~~
27 ~~year basis.~~

28 (a) ~~Remittance to parishes.~~

1 ~~(i) In the first fiscal year of implementation of this Subparagraph, the~~
2 ~~maximum amount of severance tax on all natural resources other than sulphur,~~
3 ~~lignite, or timber which is remitted to the parish in which severance or production~~
4 ~~occurs shall not exceed one million eight hundred fifty thousand dollars. For all~~
5 ~~subsequent fiscal years, the maximum amount remitted to a parish shall not exceed~~
6 ~~two million eight hundred fifty thousand dollars.~~

7 ~~(ii) On July first of each year the maximum amount remitted to the parish in~~
8 ~~which severance or production occurs, as provided in Item (i) of this~~
9 ~~Subsubparagraph, shall be increased by an amount equal to the average annual~~
10 ~~increase in the Consumer Price Index for all urban consumers for the previous~~
11 ~~calendar year, as published by the United States Department of Labor, which amount~~
12 ~~shall be as calculated and adopted by the Revenue Estimating Conference.~~

13 ~~(iii) Of the total amount of severance tax revenues remitted in a fiscal year~~
14 ~~to a parish governing authority pursuant to the provisions of this Subparagraph, any~~
15 ~~portion which is in excess of the amount of such tax revenues remitted to that parish~~
16 ~~in Fiscal Year 2011-2012 shall be known as "excess severance tax". At least fifty~~
17 ~~percent of the excess severance tax received by a parish governing authority in a~~
18 ~~fiscal year shall be expended within the parish in the same manner and for the same~~
19 ~~purposes as monies received by the parish from the Parish Transportation Fund.~~

20 ~~(b) Deposit into the Atchafalaya Basin Conservation Fund.~~

21 ~~(i) (a) Notwithstanding any other provision of this constitution to the~~
22 ~~contrary, after allocation of money to the Bond Security and Redemption Fund as~~
23 ~~provided in Article VII, Section 9(B) of this constitution, and after satisfying the~~
24 ~~required allocations in Subsubparagraph (a) of this Subparagraph (3) of this~~
25 ~~Paragraph, Paragraph (E) of this Section, and Article VII, Sections 10-A and 10.2 of~~
26 ~~this constitution, an amount equal to fifty percent of the revenues received from~~
27 ~~severance taxes and royalties on state lands in the Atchafalaya Basin, but not to~~
28 ~~exceed ten million dollars each fiscal year, shall be deposited by the treasurer into~~
29 ~~the Atchafalaya Basin Conservation Fund, ~~hereinafter~~ referred to hereafter in this~~

1 Do you support an amendment to increase the limit on the amount of state
 2 severance tax revenue paid to parishes, to authorize the legislature to enact
 3 laws for spending of this revenue by parishes, to repeal a previously adopted
 4 system for increasing the limit on state severance tax revenue paid to
 5 parishes which has never been implemented, and to implement provisions of
 6 the current constitution for the use of certain severance tax revenues for
 7 Atchafalaya Basin conservation projects? (Effective July 1, 2024) (Amends
 8 Article VII, Section 4(D)(3) and (4))

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 277 Original

2023 Regular Session

Bagley

Abstract: Increases the limit on state severance tax revenue remitted to parishes in which the severance generating the revenue occurs.

Present constitution requires that 20% of the state severance tax on natural resources other than sulphur, lignite, or timber be remitted to the governing authority of the parish in which severance or production occurs. Provides that the maximum annual amount of severance tax revenue remitted to a parish was \$850,000 effective July 1, 2007 and that this amount shall be adjusted for inflation each July first, beginning in 2008, by an amount equal to the average annual increase in the Consumer Price Index (CPI). The inflation-adjusted maximum amount to be remitted to parishes equals \$1,146,603 in Fiscal Year (FY) 2022-2023.

Proposed constitutional amendment amends present constitution to provide instead that, effective July 1, 2024, the maximum annual amount of state severance tax revenue remitted to a parish in which severance or production occurs shall be \$10,000,000 and that this amount is static and not to be adjusted according to the CPI or any other index or factor.

Proposed constitutional amendment authorizes the legislature to enact laws providing for the use by parishes of amounts remitted pursuant to proposed constitutional amendment.

Present constitution provides for increasing state severance tax revenue amounts remitted to parishes if certain conditions are met. Provides for a schedule of increases to be implemented if and when the official forecast of severance tax revenues for a fiscal year exceeds actual severance tax collections from Fiscal Year 2008-2009. Provides further for the expenditure by parishes of certain amounts remitted in accordance with this schedule. Proposed constitutional amendment repeals present constitution.

Present constitution creates the Atchafalaya Basin Conservation Fund (fund) and authorizes specific uses of monies in the fund. Provides that after the allocation of severance tax revenues required by present constitution, as amended by proposed constitutional amendment, 50% of the revenues received from severance taxes and royalties on state lands in the Atchafalaya Basin, not to exceed \$10,000,000 each fiscal year, shall be deposited into the fund. Proposed constitutional amendment retains present constitution.

Present constitution provides that provisions pertaining to the fund are implemented when certain conditions are met.

Proposed constitutional amendment repeals present constitution.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 14, 2023.

Effective July 1, 2024.

(Amends Const. Art. VII, §4(D)(3) and (4))