

2023 Regular Session

HOUSE BILL NO. 280

BY REPRESENTATIVE BAGLEY

TAX/SEVERANCE TAX: Requires parishes to use portions of severance tax revenues received from the state for economic development activities and infrastructure projects

1 AN ACT

2 To amend and reenact R.S. 47:645(B) and to enact R.S. 47:645(D), relative to state  
3 severance tax revenues; to provide relative to disposition of severance tax  
4 collections; to provide for allocation of severance tax revenues to parish governing  
5 authorities; to require parish governing authorities to use portions of severance tax  
6 revenues for certain purposes; to provide for conditions and limitations; to provide  
7 for effectiveness; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:645(B) is hereby amended and reenacted and R.S. 47:645(D) is  
10 hereby enacted to read as follows:

11 §645. Disposition of collections

12 \* \* \*

13 B. ~~One-third of the sulphur severance tax but not to exceed one hundred~~  
14 ~~thousand dollars, one-fifth of the severance tax on all natural resources other than~~  
15 ~~sulphur or timber but not to exceed five hundred thousand dollars, and three-fourths~~  
16 ~~of the timber~~ In accordance with Article VII, Section 4(D) of the Constitution of  
17 Louisiana, severance tax revenues shall be allocated to the governing authority of the  
18 parish within which severance or production occurs and shall be credited to such  
19 parish by the treasurer for allocation to the governing authority of the parish in which

1 severance or production occurs ~~as provided in Article VII, Section 4 of the~~  
2 ~~Constitution of 1974.~~ When ~~these limits have~~ the limit established in Article VII,  
3 Section 4(D) of the Constitution of Louisiana has been reached, there shall be no  
4 further allocation, and all additional collections for the year shall be credited in full  
5 to the state treasury except as provided in R.S. 30:88.1.

6 \* \* \*

7 D. Of the total amount of severance tax revenue remitted in a fiscal year to  
8 a parish governing authority pursuant to the provisions of this Section, any portion  
9 which is in excess of the amount of such revenue remitted to that parish in Fiscal  
10 Year 2022-2023 shall be deemed "excess severance tax" for purposes of this  
11 Subsection and shall be allocated as follows:

12 (1) Fifty percent of the excess severance tax received by a parish governing  
13 authority in a fiscal year shall be used, collectively, for either or both of the  
14 following:

15 (a) A regional economic development organization as defined in R.S.  
16 39:1482.

17 (b) Qualified expenditures, as defined in R.S. 39:1482, related to the  
18 furtherance of economic development within the parish.

19 (2) Fifty percent of the excess severance tax received by a parish governing  
20 authority in a fiscal year shall be used for transportation infrastructure, water system  
21 infrastructure, sewer system infrastructure, other infrastructure projects or programs,  
22 or any combination of these.

23 Section 2. This Act shall take effect and become operative if and when the proposed  
24 amendment of Article VII of the Constitution of Louisiana contained in the Act which  
25 originated as House Bill No. \_\_\_\_ of this 2023 Regular Session of the Legislature is adopted  
26 at a statewide election and becomes effective.

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**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)]

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HB 280 Original

2023 Regular Session

Bagley

**Abstract:** Establishes a threshold for "excess severance tax" remitted to parishes and requires parishes to use excess severance tax revenues for economic development activities and infrastructure projects.

Present constitution authorizes the state to levy severance taxes on natural resources severed from the soil or water, to be paid proportionately by the owners of those resources at the time of severance. Provides that a certain portion of the severance tax on natural resources other than sulphur, lignite, or timber shall be remitted to the governing authority of the parish in which severance or production occurs.

Proposed law provides that of the total amount of severance tax revenue remitted in a fiscal year to a parish pursuant to present constitution, any portion which is in excess of the amount of such revenue remitted to that parish in Fiscal Year 2022-2023 shall be deemed "excess severance tax". Requires that excess severance tax be used as follows:

- (1) 50%, collectively, for either or both of the following:
  - (a) A regional economic development organization as defined in present law (R.S. 39:1482).
  - (b) Qualified expenditures, as defined in present law (R.S. 39:1482), related to the furtherance of economic development within the parish.
- (2) 50% for transportation infrastructure, water system infrastructure, sewer system infrastructure, other infrastructure projects or programs, or any combination of these.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. \_\_\_ of this 2023 R.S. is adopted at a statewide election and becomes effective.

(Amends R.S. 47:645(B); Adds R.S. 47:645(D))