
DIGEST

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HB 418 Original

2024 Regular Session

Beaullieu

Abstract: Reduces severance tax rates on oil and gas produced from wells with inactive or orphan well status.

Present law provides for the levy of a tax, known as severance tax, on natural resources severed from the soil or water. Provides that the rate of the severance tax is predicated on the quantity or value of the products or resources severed.

Present law establishes general severance tax rates. Proposed law retains present law.

Present law provides for special, reduced rates of severance tax on production from oil and gas wells with inactive or orphan well status conferred by the Dept. of Energy and Natural Resources. Provides that the special rates shall be as follows:

- (1) Production from an oil or gas well subsequent to the well's having been inactive for two or more years, or having 30 days or less of production during the past two years, shall be subject to a severance tax rate equal to 50% of the general severance tax rate imposed by present law for a period of ten years.
- (2) Production from an oil or gas well subsequent to the well's having been designated as an orphan well for longer than 60 months shall be subject to a severance tax rate equal to 25% of the general severance tax rate imposed by present law for a period of ten years.

Proposed law lowers the special rate on production from an oil or gas well subsequent to the well's having been inactive for two or more years, or having 30 days or less of production during the past two years, from 50% of the general severance tax rate to 25% of that rate.

Proposed law lowers the special rate on production from an oil or gas well subsequent to the well's having been designated as an orphan well for longer than 60 months from 25% of the general severance tax rate to 12.5% of that rate.

Proposed law retains the ten-year period for each special rate.

Effective July 1, 2024.

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