

GREEN SHEET REDIGEST

HB 495

2025 Regular Session

Geymann

TAX/SEVERANCE TAX: Limits the severance tax exemption for gas produced from certain horizontally drilled wells.

DIGEST

Present law provides for the levy of a severance tax on natural resources severed from the soil or water. Provides that the rate of severance tax is predicated on the quantity or value of the products or resources severed. Establishes severance tax rates on resources subject to the tax.

Present law establishes an exemption, known commonly as the "horizontal well exemption", for oil and gas produced from horizontally drilled wells or horizontally drilled recompletion wells as defined in present law.

Present law provides that the horizontal well exemption for oil and gas shall last for a period of 24 months or until payout of the well cost is achieved, whichever comes first.

Proposed law retains the horizontal well exemption as provided in present law for oil and for gas produced from wells completed before July 1, 2025.

Proposed law limits the duration for which the exemption applies to gas produced from wells completed on or after July 1, 2025, to a period of 18 months or until payout of the well cost is achieved, whichever comes first.

Proposed law otherwise retains present law.

Proposed law applies to taxable periods beginning on or after July 1, 2025.

Effective July 1, 2025 but shall not take effect and become operative if HB 600 of the 2025 R.S. is not enacted and does not become effective.

(Amends R.S. 47:633(7)(d)(intro. para.))

Summary of Amendments Adopted by House

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

1. Specify that the limitation on the horizontal well exemption provided for in proposed law applies only to gas produced from wells completed on or after July 1, 2025.
2. Increase the maximum duration of the horizontal well exemption provided for in proposed law from six months to 18 months or until payout of the well cost is complete, whichever is earlier.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Provide that bill shall not take effect under certain circumstances.