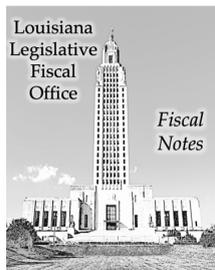


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 602** HLS 26RS 770
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 12, 2026 4:00 PM	Author: BAMBURG
Dept./Agy.: Revenue	Analyst: Mimi Blanchard
Subject: Parish Severance Tax Remittance Cap	

TAX/SEVERANCE TAX OR -\$9,760,000 GF RV See Note Page 1 of 1
 (Constitutional Amendment) Increases the maximum annual amount of severance tax revenues that may be remitted to parishes in which the associated severance occurs
Current Constitution allocates 1/5 or 20% of severance tax collections other than lignite, sulphur and timber to the parish governing authority in which the severance occurs up to a constitutional cap. The current cap is \$850,000 per parish, growing annually by the change in calendar year CPI-U from the previous year as adopted by the REC. Current Constitution contains a trigger increasing the cap to \$1.85 M in the first year actual state severance collections exceed the levels of FY 09, increasing to \$2.85 M in the second year and beyond growing by inflation.

Proposed Constitution raises the cap to \$3 M beginning in FY 27, \$6 M in FY 28, \$9 M in FY 29, \$12 M in FY 30, and \$15 M in FY 31. In FY 32 and each FY thereafter the cap shall be increased by the change in calendar year CPI-U from the previous year as adopted by the REC (as in current law).

Effective upon voter approval on November 3, 2026.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	(\$9,760,000)	(\$22,700,000)	(\$31,270,000)	(\$35,860,000)	(\$37,120,000)	(\$136,710,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$9,760,000	\$22,700,000	\$31,270,000	\$35,860,000	\$37,120,000	\$136,710,000
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The Secretary of State may incur minimal ballot processing costs associated with this measure. As a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments and statewide propositions for the fall statewide elections. To the extent the ballot includes more than 10 constitutional amendments and statewide propositions, the Secretary of State may require additional SGF resources for the November 3, 2026, statewide election. Any expenditure impact would be realized in FY 27.

REVENUE EXPLANATION

SGF revenues will be decreased by an average of \$27.3 M annually from FY 27 to FY 31 and beyond based on the most recent (12/11/25) REC estimates, as proposed constitutional amendment raises the cap on parish severance tax distributions to \$3 M beginning in FY 27, \$6 M in FY 28, \$9 M in FY 29, \$12 M in FY 30, and \$15 M in FY 31. Estimated impacts for FY 26 through FY 31 were calculated using FY 25 actual severance tax collections (excluding lignite, sulphur, and timber) and applying the annual growth rates of severance tax revenues from the REC.

The local severance cap in place for FY 26 is approximately \$1.2 M, which is the maximum parishes are currently receiving. Under the bill, those parishes that were previously reaching the cap will begin to receive larger allocations in FY 27. Parishes not reaching the cap will see no change from the bill.

Severance tax revenues are inherently volatile because they depend on commodity prices and production levels. As a result, the actual fiscal impact in any given fiscal year will depend on total severance tax collections for that year and will vary based on future REC forecasts and changes in production or prices. For illustrative purposes, below are the estimated affects of applying the proposed caps to FY 23, FY 24, and FY 25 actual collections:

Cap Amounts	FY 23	# Parishes	FY 24	# Parishes	FY 25	# Parishes
\$3M	\$21.2	14	\$14.0	10	\$ 8.6	5
\$6M	\$50.3	9	\$40.7	8	\$19.5	3
\$9M	\$69.8	4	\$57.6	5	\$26.7	2
\$12M	\$80.1	3	\$72.3	4	\$30.3	0
\$15M	\$89.1	3	\$82.0	2	\$30.3	0

NOTE: The bill listed effective dates of the new phased cap increase in both FY 27 and FY 28. For the purposes of this fiscal note, calculations are made assuming the effective date is in FY 27.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger
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Legislative Fiscal Officer