

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 156** HLS 26RS 69

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action: **w/ HSE COMM AMD**

Proposed Amd.: **w/ PROP HSE COMM AMD**

Sub. Bill For.:

Date: April 22, 2026	7:43 PM	Author: BAGLEY
Dept./Agy.: Conservation and Energy		Analyst: Mimi Blanchard
Subject: Severance Tax Remission to Local Parishes		

TAX/SEVERANCE TAX Page 1 of 2
(Constitutional Amendment) Provides relative to severance tax revenues 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 amendment repeals the parish severance cap, including all trigger language, in FY 28 and beyond, allowing 20% of severance tax collections to be sent to the locals for parishes who elect to exempt business inventory from ad valorem taxes.

Effective July 1, 2027 upon voter approval on November 3, 2026 only if proposed constitutional amendment of Article VII contained in Act No. 221 of the 2025 Regular Session is adopted at a statewide election and becomes effective.

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.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$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 decrease by an indeterminable but potentially significant amount from FY 28 to FY 31 and beyond, with a corresponding increase in Local revenues, depending on the number of parishes that elect to exempt their business inventory ad valorem tax and the amount of severance tax collections in those parishes.

The local severance cap in place for FY 26 is approximately \$1.2 M, which is the maximum parishes are currently receiving. Proposed constitutional amendment removes the cap on parish severance tax distributions for parishes that elect to exempt their business inventory ad valorem tax beginning in FY 28. Parishes that elect to exempt the business inventory tax and are currently reaching the severance tax cap would begin receiving larger allocations beginning in FY 28. Parishes that do not elect to exempt the business inventory tax, or that do not currently reach the cap, would see no change from the bill. For illustrative purposes, the parishes who reached their cap in FY 25, along with the amount of the 20% parish portion above the cap in which they generated is listed on **page 2**.

**Note: Any decrease in remittances to the Treasury after parish allocations will subsequently decrease SGF along with multiple funds in various agencies, including Department of Wildlife and Fisheries, Department of Conservation and Energy, and Coastal Protection and Restoration Authority, that receive dedications from severance taxes after required allocations.*

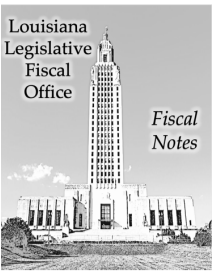
CONTINUED REVENUE EXPLANATION ON PAGE 2.

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}

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CONTINUED EXPLANATION from page one:

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CONTINUED REVENUE EXPLANATION

The parishes listed below reached the FY 25 constitutional distribution cap. The dollar values depict how much additional revenue would be distributed to the parish up to the maximum 20% allocation.

PARISH	ADDITIONAL ALLOCATION IN PROPOSED LAW BASED ON FY 25 ACTUALS
Beauregard	\$ 9,738
Bossier	\$ 678,678
Caddo	\$5,923,188
Cameron	\$ 348,487
DeSoto	\$9,928,779
Lafourche	\$3,654,275
Lincoln	\$ 164,572
Plaquemines	\$9,082,279
Red River	\$2,284,711
Sabine	\$ 229,317
St. Martin	\$ 617,230
St. Mary	\$ 470,017
Terrebonne	\$3,075,690
Vermilion	\$1,168,980

Senate Dual Referral Rules
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