
DIGEST

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James

HB No. 370

Abstract: For the severance tax horizontal well exemption, changes the limit on exempt production based on payout of the well cost from 100% to 50%.

Present law authorizes an exemption from severance tax for any horizontally drilled well, or, any horizontally drilled recompletion well from which production commences after July 31, 1994. Production is exempt from tax for either 24 months or until the achievement of payout of the well cost, whichever comes first. "Payout" refers to the point in time at which the cost of the well has been covered by the proceeds from production.

Proposed law changes present law by limiting the exemption threshold based on the payout of well cost from a 100% payout of the well cost to a 50% payout of the well cost.

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