
DIGEST

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Henry

HB No. 683

Abstract: Provides for eligibility criteria for the severance tax exemptions on production from incapable and horizontal wells.

Present law imposes tax on the severance of oil and natural gas.

Proposed law retains present law with respect to general severance tax rates.

Present law provides for exemptions and special tax treatment with respect to severance tax liabilities related to oil and gas production.

Present law provides an exemption for oil production from an incapable well which also produces salt water. Such a well is defined as a well that is incapable of producing more than 25 barrels of oil per producing day during one month.

Proposed law changes present law for the incapable well exemption by changing the threshold for incapable well status from 25 or less barrels of oil per day to 30 or less barrels.

Present law provides an exemption for horizontally drilled wells through suspension of taxation for 24 months or until payout of the well cost is achieved.

Proposed law retains present law and adds a requirement for audited information relating to the payout of well costs.

Effective Jan. 1, 2014.

(Amends R.S. 47:633(7)(b) and (c)(iii)(bb))