

Regular Session, 2013

HOUSE BILL NO. 166

BY REPRESENTATIVE ANDERS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/SEVERANCE TAX: Provides relative to determining the market value of trees, timber, and pulpwood for purposes of levying the severance taxes

1 AN ACT

2 To amend and reenact R.S. 47:633(1), (2), and (3) and to enact R.S. 47:634(4), relative to

3 the severance tax; to provide relative to the severance tax on trees, timber, and

4 pulpwood; to provide relative to the valuation of such natural resources; to authorize

5 the Louisiana Tax Commission to assist in valuation of such natural resources; to

6 provide for certain definitions; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:633(1), (2), and (3) are hereby amended and reenacted and R.S.
9 47:634(4) is hereby enacted to read as follows:

10 §633. Rates of tax

11 The taxes on natural resources severed from the soil or water levied by R.S.
12 47:631 shall be predicated on the quantity or value of the products or resources
13 severed and shall be paid at the following rates:

14 (1) On trees and timber, except pulpwood, two and one-quarter percent of
15 the then current average stumpage market value of such timber, to be determined
16 annually ~~on the second Monday of~~ in December by the Louisiana Forestry
17 Commission ~~and the Louisiana Tax Commission~~, such value to be effective on the
18 first day of January in the following year and continuing until the next succeeding
19 January. The Louisiana Tax Commission may assist in determining the value.

1 (2) On pulpwood, five percent of the then current average stumpage market
 2 value of such pulpwood, to be determined annually ~~on the second Monday of in~~
 3 December by the Louisiana Forestry Commission ~~and the Louisiana Tax~~
 4 ~~Commission~~, such value to be effective on the first day of January in the following
 5 year and continuing until the next succeeding January. The Louisiana Tax
 6 Commission may assist in determining the value.

7 (3) The Louisiana Forestry Commission ~~and the Louisiana Tax Commission~~
 8 shall base their determination of the market value of trees, timber, and pulpwood as
 9 provided in Paragraphs (1) and (2) of this Section ~~exclusively on~~ with consideration
 10 of sales of timber as reported to the Louisiana Department of Revenue and as
 11 published in the "Quarterly Report of Forest Products" by the Louisiana Department
 12 of Agriculture and Forestry.

* * *

§634. Definitions

The following terms as used in this Part shall have the following meanings ascribed to them:

* * *

18 (4) "Time and place of severance" or "time of severance" means the date,
 19 point, or place at which the tax levied on the quantity or value of a natural resource
 20 can be determined for purposes of payment of the severance tax. For purposes of
 21 payment of severance taxes only, oil or condensate shall be considered severed when
 22 the product is transferred from the producer to the first purchaser at the point of
 23 disposition in an arm's-length transaction.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Anders

HB No. 166

Abstract: Authorizes, rather than requires, the La. Tax Commission to assist the La. Forestry Commission in determining the annual value of trees, timber, and pulpwood for purposes of levying severance taxes.

Present law requires the state tax levied on natural resources severed from the soil or water to be predicated on the quantity or value of the products or resources severed.

Present law provides that the rate of the tax levied on trees and timber is 2.25% of the current average stumpage market value of timber and the rate of the tax levied on pulpwood is 5% of the current average stumpage market value of pulpwood. Stumpage value is determined annually on the second Monday of Dec. by the La. Forestry Commission and the La. Tax Commission and is effective on the first day of Jan. in the following year, continuing until the next succeeding Jan.

Proposed law retains present law as to the rate of these taxes but changes the present law from a requirement that the La. Tax Commission determine the annual stumpage value to an authorization that the La. Tax Commission assist the La. Forestry Commission in determining same. Proposed law further changes the time of determining the annual stumpage value from the second Monday in Dec. to Dec.

Present law requires the La. Forestry Commission and the La. Tax Commission to base the determination of the market value of trees, timber, and pulpwood exclusively on sales of timber as reported to the Dept. of Revenue and as published in the "Quarterly Report of Forest Products" by the La. Dept. of Agriculture and Forestry.

Proposed law changes present law by deleting the reference to the La. Tax Commission since the La. Tax Commission's participation in determining the market value of trees, timber, and pulpwood is permissive rather than mandatory. Proposed law further changes the requirement that the determination of market value of trees, timber, and pulpwood be based exclusively on timber sales to a determination that considers timber sales.

Proposed law defines "time and place of severance" or "time of severance" for purposes of payment of severance tax, as the date, point, or place at which the tax levied on the quantity or value of a natural resource can be determined. Further provides that for purposes of payment of severance taxes only, oil or condensate shall be considered severed when the product is transferred from the producer to the first purchaser at the point of disposition in an arm's-length transaction.

(Amends R.S. 47:633(1), (2), and (3); adds R.S. 47:634(4))

Summary of Amendments Adopted by House

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

1. Adds a definition for "time and place of severance" or "time of severance" for purposes of payment of the severance tax.
2. Adds provision that for purposes of payment of severance taxes only, oil or condensate shall be considered severed when the product is transferred from the producer to the first purchaser at the point of disposition in an arm's-length transaction.