

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 166** HLS 13RS 708

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 10, 2013 4:40 PM	Author: ANDERS
Dept./Agy.: Agriculture / Forestry Commission	Analyst: Greg Albrecht
Subject: Severance Taxation / Timber Valuation	

TAX/SEVERANCE TAX EG NO IMPACT See Note Page 1 of 1
Provides relative to determining the market value of trees, timber, and pulpwood for purposes of levying the severance taxes

Current law calls for the stumpage market value of trees, timber, and pulpwood by the Louisiana Forestry Commission on the second Monday of December each year, effective on January 1st. The Louisiana Tax Commission is also required in statute to be involved, and exclusive use of sales of timber as reported to the Department of Revenue as published in the "Quarterly Report of Forest Products" by the Department of Agriculture is also required.

Proposed law deletes the requirement for Tax Commission involvement and replaces it with authority for its assistance. The specific Monday requirement is also deleted, requiring the determination to be made sometime in December. The Agriculture Department publication is to be considered in the value determination but is not required to be the exclusive source of information. The bill also defines the term "time or place of severance" in general and specifically for oil.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The Louisiana Tax Commission is no longer an agency of the Department of Revenue and is not involved in determining timber valuations. The Department of Revenue still provides input to the valuation, and the bill still allows the Tax Commission to provide input if necessary.

Language is added that explicitly states that the value of oil is determined by the price of the sale between the producer and the first purchaser, and does not change the value of oil for severance tax purposes.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

John D. Carpenter
Legislative Fiscal Officer