

1 WHEREAS, underpayment of severance taxes may be indicative of an underpayment
2 of mineral royalties due to the state pursuant to mineral leases of state lands and water
3 bottoms owned by the state; and

4 WHEREAS, the payment of severance taxes and mineral royalties due to the state
5 represent considerable sources of revenue to the state and should be collected; and

6 WHEREAS, because of limited revenues the state has made severe cuts to education,
7 health care, and other programs which provide assistance to citizens and therefore the state
8 is in need of all revenue due and owing to it.

9 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
10 urge and request the Department of Revenue to take all action necessary to cause the
11 collection of all severance taxes due to the state and to avoid the running of prescription on
12 severance taxes due and owing to the state and the Department of Natural Resources to take
13 all action necessary to cause the collection of all mineral royalty due and owing to the state.

14 BE IT FURTHER RESOLVED that the Department of Revenue is hereby urged and
15 requested, in consultation with the Louisiana Legislative Auditor, to conduct a study to
16 determine what resources, tools, and other means are needed and available to perform yearly
17 reviews or audits of all severance taxes which may be owed to ensure that the state receives
18 complete, accurate, and timely payments.

19 BE IT FURTHER RESOLVED that the Department of Revenue is hereby urged and
20 requested, in consultation with the Louisiana Legislative Auditor, to develop, implement,
21 and maintain a procedure to verify the accuracy of the self-reported data used to determine
22 the amount of severance taxes owed to the state and its citizens, and the accuracy of the
23 amount of the refunds of taxes claimed.

24 BE IT FURTHER RESOLVED that the Department of Natural Resources is hereby
25 urged and requested, in consultation with the Louisiana Legislative Auditor, to review and
26 conduct yearly audits of all who may owe mineral royalties to ensure that the state receives
27 complete, accurate, and timely payments.

28 BE IT FURTHER RESOLVED that the Department of Natural Resources is hereby
29 urged and requested, in consultation with the Louisiana Legislative Auditor, to develop,
30 implement, and maintain a procedure to verify the accuracy of the royalty payments.

1 BE IT FURTHER RESOLVED that the Louisiana Legislative Auditor is hereby
2 directed to advise, consult with, and monitor the actions of the Department of Revenue and
3 Department of Natural Resources in accomplishing all of the requirements of this
4 Resolution, and to file a written report with the Legislative Audit Advisory Council and the
5 chairs of the Senate Committee on Revenue and Fiscal Affairs and Finance and the House
6 Committee on Ways and Means and Appropriations, which shall include but not be limited
7 to the following:

8 (1) The advice and consultation given to the Department of Revenue and the
9 Department of Natural Resources with respect to the efficient and effective accomplishment
10 of the requirements of this Resolution, and how and whether the advice and consultation
11 were acted upon by the departments.

12 (2) An evaluation of the efficiency, effectiveness, and operation of the program
13 established by the Department of Revenue for auditing oil and gas severance taxes due to
14 the state, and the development, implementation, and maintenance of the procedure to verify
15 the accuracy of self-reported oil and gas severance tax data.

16 (3) An evaluation of the efficiency, effectiveness, and operation of the program
17 established by the Department of Natural Resources for reviewing and auditing of mineral
18 royalties due the state.

19 BE IT FURTHER RESOLVED that the state of Louisiana has determined that
20 severance tax payments are independently owed to the state and its citizens pursuant to state
21 law, and that mineral royalty payments are independently owed to the state and its citizens
22 pursuant to contracts between the state and its lessees.

23 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
24 Louisiana Legislative Auditor, the secretary of the Louisiana Department of Revenue, and
25 the secretary of the Department of Natural Resources.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Riley Boudreaux.

DIGEST

Gallot

SCR No.

Requests the Department of Revenue (DOR) to take all action necessary to cause the collection of severance taxes due to the state and to avoid the running of prescription on severance taxes, and for the Department of Natural Resources (DNR) to take all action necessary to cause the collection of all mineral royalties due and owing to the state and to avoid the prescription of any royalty claims.

Requests DOR in consultation with the Louisiana Legislative Auditor (the Auditor) to conduct a study to determine what resources, tools, and other means are needed and available to perform yearly reviews or audits of severance taxes which may be owed to ensure that the state receives complete, accurate, and timely payments and to develop, implement, and maintain a procedure to verify the accuracy of the self-reported data used to determine the amount of severance taxes owed to the state and the accuracy of the amount of refunds claimed.

Requests DNR in consultation with the Auditor to review and conduct yearly audits of all who may owe mineral royalties to ensure that the state receives complete, accurate, and timely payments and to develop, implement, and maintain a procedure to verify the accuracy of the royalty payments.

Directs the Auditor to advise, consult with, and monitor the actions of DOR and DNR in accomplishing all of the requirements of the Resolution and to file a written report with the Legislative Audit Advisory Council and the chairs of Revenue and Fiscal Affairs and Finance and Ways and Means and Appropriations which must include, but not be limited to the following:

- (1) The advice and consultation given to the departments and how and whether the advice and consultation was acted upon by the departments.
- (2) An evaluation of the efficiency, effectiveness, and operation of DOR's program for auditing oil and gas severance taxes, and the development, implementation, and maintenance of the procedure to verify the accuracy of self-reported oil and gas severance tax data.
- (3) An evaluation of the efficiency, effectiveness, and operation of DNR's program established by the Department of Natural Resources for reviewing and auditing of mineral royalties.

States that the state of Louisiana has determined that severance tax payments are independently owed to the state and its citizens pursuant to state law, and that mineral royalties are independently owed to the state and its citizens pursuant to contracts between the state and its lessees.