
DIGEST

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HB 101 Original

2015 Regular Session

Ritchie

Abstract: Reduces the severance tax "exemption" for production of oil and natural gas from horizontally drilled wells and horizontally drilled recompletion wells from 100% to 75%.

Present law imposes a tax on natural resources severed from the soil or water based upon quantity or value of the products or resources severed.

Present law establishes a severance tax rate for oil at 12.5% of value.

Present law establishes a severance tax rate for natural gas at a minimum of 7¢ per 1,000 cubic feet, which rate is subject to an annual rate adjustment based on the prior year's price of natural gas.

Present law suspends the levy of 100% of the severance tax on production from a horizontally drilled well or horizontally drilled recompletion well for a period of 24 months or until payout of the well cost is achieved, whichever comes first.

Proposed law changes present law for the suspension of severance taxes on production from horizontally drilled wells and recompletion wells, by reducing the "exemption" from 100% to 75%.

Effective July 1, 2015 and applicable for taxable periods beginning on and after that date.

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