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## DIGEST

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HB 549 Original

2015 Regular Session

Thibaut

**Abstract:** Modifies exemptions, suspensions, and special rates for various types of mineral production activity subject to severance taxes from July 1, 2015 through June 30, 2017.

Present law imposes a severance tax on oil and condensate at a capable rate of 12.5%.

Present law limits the severance tax on oil produced from a well classified as an oil well incapable of producing an average of more than 25 barrels of oil per producing day during the entire taxable month to 50% of the severance tax rate imposed under present law.

Proposed law retains present law except changes the special rate from 50% to 51%

Present law limits the severance tax on oil produced from a well classified as incapable of producing an average of more than 10 barrels of oil per producing day during the entire taxable month to 25% of the severance tax rate imposed pursuant to present law.

Proposed law retains present law except changes the special rate from 25% to 26%

Present law exempts crude oil produced from certified stripper wells in any month in which the average value of oil is less than twenty dollars per barrel.

Proposed law changes present law by changing the tax treatment of oil from stripper wells from exempt to a tax rate of 1%.

Present law exempts all production from a horizontally drilled well for 24 months or payout.

Proposed law changes present law by changing the tax treatment of oil from horizontal well from exempt to a tax rate of 1%.

Present law imposes a severance tax on natural gas at a capable rate of 16.3 cents per MCF from July 1, 2014 to July 1, 2015.

Present law provides for a reduced severance tax rate of three cents per thousand cubic feet for gas produced from an oil well designated to have a wellhead pressure of fifty pounds per square inch gauge or less under operating conditions, or, in the case of gas rising in a vaporous state through the annular space between the casing and tubing of such oil well and released through lines connected with the casinghead gas which has been determined to have a casinghead pressure of 50 pounds per

square inch gauge or less under operating conditions.

Proposed law changes present law by increasing the special rate from three to four cents per thousand cubic feet.

Proposed law is applicable to production occurring on and after July 1, 2015 and on or before June 30, 2017.

Effective July 1, 2015.

(Amends R.S. 47:633(7)(b) and (c)(i) and (iii) and (9)(b))