2015 Regular Session

HOUSE BILL NO. 558

## BY REPRESENTATIVE JAMES

## TAX/SEVERANCE-EXEMPTION: Reduces the severance tax exemption for certain horizontally drilled wells

1	AN ACT
2	To amend and reenact R.S. 47:633(7)(c)(iii)(introductory paragraph), relative to severance
3	tax; to provide with respect to the exemption for certain horizontally drilled wells;
4	to reduce the exemption for certain horizontally drilled wells; to provide for the
5	period of exemption; to provide for an effective date; and to provide for related
6	matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 47:633(7)(c)(iii)(introductory paragraph) is hereby amended and
9	reenacted 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	* * *
15	(7)
16	* * *
17	(c)
18	* * *
19	(iii) All Fifty percent of all severance tax shall be suspended, for a period of
20	twenty-four forty-eight months or until payout of the well cost is achieved,

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

- 1 whichever comes first, on any horizontally drilled well, or, on any horizontally
- 2 drilled recompletion well, from which production commences after July 31, 1994.
- 3 \* \*
- 4 Section 2. This Act shall become effective on July 1, 2015; if vetoed by the governor
- 5 and subsequently approved by the Legislature, this Act shall become effective on July 1,
- 6 2015, or on the day following such approval by the Legislature, whichever is later.

## 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)]

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Abstract: Reduces the severance tax "exemption" for horizontal wells and horizontally drilled recompletion wells from 100% to 50% of the severance tax and increases the time within which the "exemption" may be claimed from 24 months to 48 months or until payout of the well cost is achieved, whichever occurs first.

<u>Present law</u> provides for a tax on natural resources severed from the soil or water based upon quantity or value of the products severed.

<u>Present law</u> 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 occurs first.

<u>Proposed law</u> retains <u>present law</u> but reduces the amount of the suspension from 100% to 50% of the severance taxes and increases the time for suspension of severance taxes on production from these wells from 24 months to 48 months or until payout of the well cost is achieved, whichever occurs first.

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