2016 First Extraordinary Session

HOUSE BILL NO. 68

BY REPRESENTATIVE ROBBY CARTER

## TAX/TAXATION: (Constitutional Amendment) Authorizes the levy of a tax on the use of hydrocarbon processing facilities

1	A JOINT RESOLUTION
2	Proposing to amend Article VII, Section 4(B) and (C), to add Article VII, Section 4(F), and
3	to repeal Article IX, Section 9 of the Constitution of Louisiana, relative to taxes
4	related to natural resources; to authorize the legislature to levy a tax on the use of
5	hydrocarbon processing facilities; to provide for repeal of certain severance taxes;
6	and to specify an election for submission of the proposition to electors and provide
7	a ballot proposition.
8	Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members
9	elected to each house concurring, that there shall be submitted to the electors of the state, for
10	their approval or rejection in the manner provided by law, a proposal to amend Article VII,
11	Section 4(B) and (C), to add Article VII, Section 4(F), and to repeal Article IX, Section 9
12	of the Constitution of Louisiana, to read as follows:
13	§4. Income Tax; Severance Tax; Hydrocarbon Processing Facilities Use Tax;
14	Political Subdivisions
15	Section 4.
16	* * *
17	(B) Severance Tax. Taxes may be levied on natural resources severed from
18	the soil or water, to be paid proportionately by the owners thereof at the time of
19	severance. Natural resources may be classified for the purpose of taxation. Such
20	taxes may be predicated upon either the quantity or value of the products at the time

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

1	and place of severance. No further or additional tax or license shall be levied or
2	imposed upon oil, gas, or sulphur leases or rights except for a tax on the use of
3	hydrocarbon processing facilities provided for in Paragraph (F) of this Section. No
4	additional value shall be added to the assessment of land by reason of the presence
5	of oil, gas, or sulphur therein or their production therefrom. However, sulphur in
6	place shall be assessed for ad valorem taxation to the person, firm, or corporation
7	having the right to mine or produce the same in the parish where located, at no more
8	than twice the total assessed value of the physical property subject to taxation,
9	excluding the assessed value of sulphur above ground, as is used in sulphur
10	operations in such parish. Likewise, the severance tax shall be the only tax on timber;
11	however, standing timber shall be liable equally with the land on which it stands for
12	ad valorem taxes levied on the land.
13	(C) Political Subdivisions; Prohibitions. A political subdivision of the state
14	shall not levy a severance tax, <u>a tax on the use of hydrocarbon processing facilities</u> ,
15	income tax, inheritance tax, or tax on motor fuel.
15 16	income tax, inheritance tax, or tax on motor fuel.
16	* * *
16 17	* * * * * <u>(F) Hydrocarbon Processing Facilities Use Tax. Taxes may be levied upon</u>
16 17 18	* * * (F) Hydrocarbon Processing Facilities Use Tax. Taxes may be levied upon the use of hydrocarbon processing facilities in Louisiana at a rate not to exceed three
16 17 18 19	* * * * (F) Hydrocarbon Processing Facilities Use Tax. Taxes may be levied upon the use of hydrocarbon processing facilities in Louisiana at a rate not to exceed three percent of the value of the hydrocarbon as provided by law; however, in the event
16 17 18 19 20	* * * * (F) Hydrocarbon Processing Facilities Use Tax. Taxes may be levied upon the use of hydrocarbon processing facilities in Louisiana at a rate not to exceed three percent of the value of the hydrocarbon as provided by law; however, in the event such tax is levied and collected on hydrocarbons and the tax is determined to be valid
<ol> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> </ol>	* * * * (F) Hydrocarbon Processing Facilities Use Tax. Taxes may be levied upon the use of hydrocarbon processing facilities in Louisiana at a rate not to exceed three percent of the value of the hydrocarbon as provided by law; however, in the event such tax is levied and collected on hydrocarbons and the tax is determined to be valid by a final, non-appealable judgment or as otherwise provided by law, no severance
<ol> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> </ol>	* * * * (F) Hydrocarbon Processing Facilities Use Tax. Taxes may be levied upon the use of hydrocarbon processing facilities in Louisiana at a rate not to exceed three percent of the value of the hydrocarbon as provided by law; however, in the event such tax is levied and collected on hydrocarbons and the tax is determined to be valid by a final, non-appealable judgment or as otherwise provided by law, no severance tax provided for in Subsection B shall be levied on oil and gas.
<ol> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> </ol>	<ul> <li>* * *</li> <li>(F) Hydrocarbon Processing Facilities Use Tax. Taxes may be levied upon the use of hydrocarbon processing facilities in Louisiana at a rate not to exceed three percent of the value of the hydrocarbon as provided by law; however, in the event such tax is levied and collected on hydrocarbons and the tax is determined to be valid by a final, non-appealable judgment or as otherwise provided by law, no severance tax provided for in Subsection B shall be levied on oil and gas.</li> <li>Section 2. Be it further resolved that this proposed amendment shall be submitted</li> </ul>
<ol> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> </ol>	* * * (F) Hydrocarbon Processing Facilities Use Tax. Taxes may be levied upon the use of hydrocarbon processing facilities in Louisiana at a rate not to exceed three percent of the value of the hydrocarbon as provided by law; however, in the event such tax is levied and collected on hydrocarbons and the tax is determined to be valid by a final, non-appealable judgment or as otherwise provided by law, no severance tax provided for in Subsection B shall be levied on oil and gas. Section 2. Be it further resolved that this proposed amendment shall be submitted to the electors of the state at the statewide election to be held on November 8, 2016.
<ol> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> </ol>	* * * * (f) Hydrocarbon Processing Facilities Use Tax. Taxes may be levied upon the use of hydrocarbon processing facilities in Louisiana at a rate not to exceed three percent of the value of the hydrocarbon as provided by law; however, in the event such tax is levied and collected on hydrocarbons and the tax is determined to be valid by a final, non-appealable judgment or as otherwise provided by law, no severance tax provided for in Subsection B shall be levied on oil and gas. Section 2. Be it further resolved that this proposed amendment shall be submitted to the electors of the state at the statewide election to be held on November 8, 2016.
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1	Do you support an amendment to authorize the levy of a tax on the use of
2	hydrocarbon processing facilities in Louisiana and to prohibit the levy of a
3	severance tax if such tax is levied and collected? (Effective January 1, 2017)
4	(Amends Article VII, Section 4(B) and (C); Adds Article VII, Section 4(F);
5	Repeals Article IX, Section 9)

## 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)]

HB 68 Original2016 First Extraordinary SessionRobby Carter

Abstract: Authorizes the levy of a tax on the use of hydrocarbon processing facilities.

<u>Present constitution</u> prohibits the levy of a tax other than severance tax on "oil, gas, or sulphur leases or rights".

<u>Proposed constitutional amendment</u> authorizes the levy of a tax on the use of hydrocarbon processing facilities at a rate not to exceed 3% of the value of the hydrocarbons (as provided by law) notwithstanding such prohibition.

<u>Proposed constitutional amendment</u> provides for a repeal of all severance taxes which are levied on oil and gas if such a tax is levied and the tax is determined to be valid by a final, non-appealable judgment or as otherwise provided by law.

<u>Proposed constitutional amendment</u> prohibits political subdivisions from levying a tax "on the use of hydrocarbon processing facilities".

Proposed constitutional amendment repeals the First Use Tax Trust Fund provisions.

Effective Jan. 1, 2017.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 8, 2016.

(Amends Const. Art. VII, Sec. 4(B) and (C); Adds Const. Art. VII, Sec. 4(F); Repeals Const. Art. IX, Sec. 9)