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## DIGEST

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HB 461 Original

2017 Regular Session

Bishop

**Abstract:** Changes the severance tax exemption for production of oil and gas from an inactive well from a 100% tax exemption for five years to a 50% tax exemption for 10 years, and adds a new exemption for production from an orphan well that provides a 75% rate reduction for 10 years.

Present law authorizes a five year exemption from severance tax for production from oil and gas wells that are returned to service after being inactive for two or more years or having thirty days or less of production during the past two years (inactive well).

Proposed law changes present law by changing the extent and duration of the exemption for production from an inactive well from 5 years at 100% to 10 years at 50%.

Proposed law changes present law by establishing an exemption for production from a well with orphan well designation for at least 60 months, which exemption provides a 50% rate reduction for a duration of 10 years.

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