
DIGEST

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HB 461 Reengrossed

2017 Regular Session

Bishop

Abstract: Establishes 10 year severance tax rate reductions for production from an inactive or orphan oil and gas well from July 1, 2018, through June 30, 2023, with production from an inactive well subject to a severance tax rate of 50% of the normal rate, and production from an orphan well subject to a severance tax rate of 75% of the normal rate.

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), effective July 1, 2006, through June 30, 2010.

Present law provides for a severance tax rate on oil and gas production of 12%.

Proposed law changes present law by changing the incentive for production from an inactive well from a five year exemption to a 50% rate reduction for 10 years, and by establishing a new effective period beginning July 1, 2018, through June 30, 2023.

Proposed law establishes an incentive for production from a well with orphan well designation for at least 60 months. Production would be taxed at 75% of the normal rate for 10 years, effective for the period from July 1, 2018, through June 30, 2023.

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

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Add a limit on the duration of the exemptions, July 1, 2018, through June 30, 2022.
2. Add technical changes regarding administration.

The House Floor Amendments to the engrossed bill:

1. Change the expiration date from June 30, 2022 to June 30, 2023.

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2. Add technical changes clarifying that the incentive is a special rate.