

2018 Regular Session

SENATE CONCURRENT RESOLUTION NO. 96

BY SENATOR ALLAIN

TAX/ENERGY. Requests the Louisiana State University Center for Energy Studies, Louisiana State University Public Administration Institute, and the Louisiana State Law Institute to analyze mineral revenues, taxes, and exemptions in Louisiana and to submit a written report of its findings to the legislature.

A CONCURRENT RESOLUTION

To urge and request the Louisiana State University Center for Energy Studies (LSU CES), the Louisiana State University Public Administration Institute (LSU PAI), and the Louisiana State Law Institute to analyze mineral revenues, taxes, and exemptions in Louisiana and to submit a written report of its findings to the legislature.

WHEREAS, in 2015, a team of economists, led by Dr. James A. Richardson of LSU PAI, presented comprehensive and overarching recommendations on Louisiana tax policies; and

WHEREAS, a book entitled Exploring Long-Term Solutions for Louisiana's Tax System, authored by James A. Richardson, Steve M. Sheffrin, and James Alm will be published in fall of 2018; and

WHEREAS, the chapter entitled Mineral Revenues in Louisiana, written by Greg Upton, a professor at LSU CES, presents an analysis of Louisiana's mineral tax laws and makes specific recommendations; and

WHEREAS, Louisiana has a twelve and one-half percent tax on oil with adjustments for low-producing wells and a tax on natural gas that amounts to approximately a four percent tax on natural gas per one thousand cubic feet; and

WHEREAS, horizontal wells are exempt from severance tax for two years or until

1 well payout, whichever occurs first, while conventional or vertically-drilled wells do not
2 receive this exemption; and

3 WHEREAS, the Louisiana Mineral Law Institute at Louisiana State University Paul
4 M. Hebert Law Center, the LSU CES, and the LSU PAI are valuable sources of information
5 and knowledge regarding oil and gas law, and economic and political matters; and

6 WHEREAS, various members of the Louisiana State Law Institute, the LSU CES,
7 and the LSU PAI have substantial expertise in state tax law, as well as oil and gas law
8 matters.

9 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
10 urge and request the LSU CES, LSU PAI, and the Louisiana State Law Institute, in
11 consultation with the director of the Louisiana Mineral Law Institute, to analyze the mineral
12 tax laws in Louisiana and make specific recommendations to the legislature while balancing
13 the following goals:

14 (1) Preserve or improve the competitiveness of the oil and gas extraction sector in
15 Louisiana.

16 (2) Decrease or remove the difference in tax rates for oil and gas.

17 (3) Create a severance tax exemption for all wells, not just horizontal wells.

18 (4) Hold constant or increase mineral revenues for the state.

19 BE IT FURTHER RESOLVED that a written preliminary report of recommendations
20 shall be submitted to the House Committee on Ways and Means and the Senate Committee
21 on Revenue and Fiscal Affairs on the following timeline:

22 (1) A preliminary status report no later than February 1, 2019.

23 (2) A final written report of recommendations no later than February 1, 2020.

24 (3) Specific bills implementing these recommendations no later than February 1,
25 2021.

26 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
27 executive director of the LSU Center for Energy Studies, the director of the LSU Public
28 Administration Institute, the director of the Louisiana Mineral Law Institute, and the director
29 of the Louisiana State Law Institute.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Alan Miller.

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