SLS 18RS-3173 **ENGROSSED**

2018 Regular Session

SENATE CONCURRENT RESOLUTION NO. 96

BY SENATOR ALLAIN

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

A CONCURRENT RESOLUTION

2	To urge and request the Louisiana State University Center for Energy Studies (LSU CES),
3	the Louisiana State University Public Administration Institute (LSU PAI), and the
4	Louisiana Tax Institute to analyze mineral revenues, taxes, and exemptions in
5	Louisiana and to submit a written report of its findings to the legislature.
6	WHEREAS, in 2015, a team of economists, led by Dr. James A. Richardson of LSU
7	PAI, presented comprehensive and overarching recommendations on Louisiana tax policies;
8	and
9	WHEREAS, a book entitled Exploring Long-Term Solutions for Louisiana's Tax
10	System, authored by James A. Richardson, Steve M. Sheffrin, and James Alm will be
11	published in fall of 2018; and
12	WHEREAS, the chapter entitled Mineral Revenues in Louisiana, written by Greg
13	Upton, a professor at LSU CES, presents an analysis of Louisiana's mineral tax laws and
14	makes specific recommendations; and
15	WHEREAS, Louisiana has a twelve and one-half percent tax on oil with adjustments
16	for low-producing wells and a tax on natural gas that amounts to approximately a four
17	percent tax on natural gas per one thousand cubic feet; and
18	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 and knowledge regarding oil and gas law, and economic and political matters; and 5 6 WHEREAS, various members of the Louisiana Tax Institute, the LSU CES, and the 7 LSU PAI have substantial expertise in state tax law, as well as oil and gas law matters. 8 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby 9 urge and request the LSU CES, LSU PAI, and the Louisiana Tax Institute, in consultation 10 with the director of the Louisiana Mineral Law Institute, to analyze the mineral tax laws in 11 Louisiana and make specific recommendations to the legislature while balancing the 12 following goals: 13 (1) Preserve or improve the competitiveness of the oil and gas extraction sector in 14 Louisiana. 15 (2) Decrease or remove the difference in tax rates for oil and gas. 16 (3) Create an equitable system of severance tax exemptions for all wells, not just horizontal wells. 17 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: (1) A preliminary status report no later than February 1, 2019. 22 (2) A final written report of recommendations no later than February 1, 2020. 23 24 (3) Specific bills implementing these recommendations no later than February 1, 25 2021. BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the 26 27 executive director of the LSU Center for Energy Studies, the director of the LSU Public Administration Institute, the director of the Louisiana Mineral Law Institute, and the chair 28

of the board of the Louisiana Tax Institute.

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SCR NO. 96

The original instrument was prepared by Alan Miller. The following digest, which does not constitute a part of the legislative instrument, was prepared by James Benton.

DIGEST 2018 Regular Session

Allain

SCR 96 Engrossed

Requests the LSU Center for Energy Studies, the LSU Public Administration Institute, and the Louisiana Tax Institute to analyze mineral revenues, taxes, and exemptions in Louisiana and to submit a written report of its findings to the legislature.

Summary of Amendments Adopted by Senate

<u>Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill</u>

- 1. Replaces the Louisiana State Law Institute with the Louisiana Tax Institute as one of the entities to analyze mineral revenues, taxes, and exemption in Louisiana and to submit a written report of its findings to the legislature.
- 2. Provides for the creation of an equitable system of severance tax exemption for all wells.