

---

## 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 188 Original

2019 Regular Session

Jim Morris

**Abstract:** Establishes a severance tax exemption, effective July 1, 2019 - July 1, 2029, for oil produced from stripper wells when the price of oil is less than \$75 per barrel.

Present law imposes a tax on natural resources severed from the soil or water based upon quantity or value of the products or resources severed.

Present law establishes a severance tax rate on oil at a rate of 12.5% of its value at the time and place of severance. The value is determined to be the higher of: (1) gross receipts received from the first purchaser, less charges for trucking, barging and pipeline fees, or (2) the posted field price.

Present law provides that a stripper well is one that is incapable of producing more than an average of 10 barrels of oil per day during the taxable month. Provides that oil from stripper wells is taxed at 1/4 of the regular severance tax rate for oil.

Present law exempts severance taxes on oil production from stripper wells in any month which the average value of oil is less than \$20 per barrel.

Proposed law retains present law. However, beginning July 1, 2019 through June 30, 2029, proposed law exempts severance taxes on oil production from stripper wells when the average value of oil is less than \$75 per barrel.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:633(7)(c)(i)(bb); Adds R.S. 47:633(7)(c)(i)(cc))