

2020 Regular Session

HOUSE BILL NO. 360

BY REPRESENTATIVE HUVAL

TAX/AD VALOREM TAX: (Constitutional Amendment) Provides for the methodology of valuation of oil and gas wells for the purpose of ad valorem assessment

A JOINT RESOLUTION

Proposing to amend Article VII, Section 4(B) of the Constitution of Louisiana, relative to the valuation of oil and gas wells; to authorize the inclusion of the presence and production of oil and gas in a well for the purpose of determining fair market value for ad valorem taxes; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 4(B) of the Constitution of Louisiana, to read as follows:

§4. Income Tax; Severance Tax; Political Subdivisions

Section 4.(A)

* * *

(B) Severance Tax. (1) Taxes may be levied on natural resources severed from the soil or water, to be paid proportionately by the owners thereof at the time of severance. Natural resources may be classified for the purpose of taxation. Such taxes may be predicated upon either the quantity or value of the products at the time and place of severance. No further or additional tax or license shall be levied or imposed upon oil, gas, or sulphur leases or rights. No additional value shall be added to the assessment of land by reason of the presence of oil, gas, or sulphur therein or

1 their production therefrom. However, sulphur in place shall be assessed for ad
2 valorem taxation to the person, firm, or corporation having the right to mine or
3 produce the same in the parish where located, at no more than twice the total
4 assessed value of the physical property subject to taxation, excluding the assessed
5 value of sulphur above ground, as is used in sulphur operations in such parish.
6 Likewise, the severance tax shall be the only tax on timber; however, standing timber
7 shall be liable equally with the land on which it stands for ad valorem taxes levied
8 on the land.

9 (2) Notwithstanding the provisions of Subparagraph (1) of this Paragraph,
10 the presence of oil or gas or the production thereof, may be included in the
11 methodology to determine the fair market value of an oil or gas well for ad valorem
12 taxes.

13 * * *

14 Section 2. Be it further resolved that this proposed amendment shall be submitted
15 to the electors of the state of Louisiana at the statewide election to be held on November 3,
16 2020.

17 Section 3. Be it further resolved that on the official ballot to be used at the election,
18 there shall be printed a proposition, upon which the electors of the state shall be permitted
19 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
20 follows:

21 Do you support an amendment to permit the presence of oil or gas or the
22 production of oil or gas to be included in the methodology used to determine
23 the fair market value of an oil or gas well for the purposes of ad valorem
24 assessment? (Amends Article VII, Section 4(B))

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 360 Original

2020 Regular Session

Huval

Abstract: Allows for the inclusion of the presence and production of oil and gas when determining the fair market value of an oil or gas well for ad valorem taxes.

Present constitution prohibits an additional tax upon oil, gas, or sulphur leases or rights. The present constitution further prohibits the addition of value to the assessment of land as a result of the presence of oil, gas, or sulphur.

Proposed constitutional amendment retains present constitution but specifies that the presence or production of oil or gas may be included in the methodology when determining the fair market value of an oil or gas well for the purpose of ad valorem taxes.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 3, 2020.

(Amends Const. Art. VII, §4(B))