
DIGEST

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HB 26 Original

2021 Regular Session

McCormick

Abstract: Changes the value required for crude oil produced from stripper wells to be exempt from severance tax.

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 on oil at a rate of 12.5% of its value at the time and place of severance. The value is 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 exempts crude oil produced from certified stripper wells from severance tax in any month in which the average value defined in present law (R.S. 47:633(7)(a)) is less than \$20 per barrel. Proposed law increases the value from \$20 to \$75.

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