

2021 Regular Session

HOUSE BILL NO. 26

BY REPRESENTATIVE MCCORMICK

TAX/SEVERANCE-EXEMPTION: Provides with respect to the severance tax exemption for stripper wells

1 AN ACT

2 To amend and reenact R.S. 47:633(7)(c)(i)(bb), relative to severance tax exemptions; to  
3 provide for the value used to determine the applicability of an exemption for certified  
4 stripper well production; to provide for certain requirements and limitations; and to  
5 provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:633(7)(c)(i)(bb) is hereby amended and reenacted to read as  
8 follows:

9 §633. Rates of tax

10 The taxes on natural resources severed from the soil or water levied by R.S.  
11 47:631 shall be predicated on the quantity or value of the products or resources  
12 severed and shall be paid at the following rates:

13 \* \* \*

14 (7)

15 \* \* \*

16 (c)(i)

17 \* \* \*

1 (bb) Crude oil produced from certified stripper wells shall be exempt from  
 2 severance tax in any month in which the average value set forth in Subparagraph (a)  
 3 of this Paragraph is less than ~~twenty~~ forty-five dollars per barrel.

4 \* \* \*

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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)]

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HB 26 Engrossed

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 \$45.

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

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Change the oil value below which the exemption applies in proposed law from seventy-five dollars to forty-five dollars.