

GREEN SHEET REDIGEST

HB 26

2021 Regular Session

McCormick

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

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DIGEST

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 \$35.

(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.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the engrossed bill

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