

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 26

2021 Regular Session

McCormick

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

Synopsis of Senate Amendments

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

Digest of Bill as Finally Passed by Senate

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))