

2022 Regular Session

SENATE BILL NO. 406

BY SENATORS HENRY AND WHITE AND REPRESENTATIVE BISHOP

TAX/TAXATION. Reduces the rate of oil severance tax on new wells for three years. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 47:633(7)(a), relative to the rate of oil severance tax; to reduce

3 the rate of tax on newly drilled wells from which production commences during a set

4 period; to provide for definitions; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:633(7)(a) is hereby amended and reenacted to read as follows:

7 §633. Rates of tax

8 The taxes on natural resources severed from the soil or water levied by R.S.

9 47:631 shall be predicated on the quantity or value of the products or resources

10 severed and shall be paid at the following rates:

11 * * *

12 (7)(a)(i) ~~On~~ **Except as provided otherwise in this Subparagraph, on**

13 twelve and one-half ~~percentum~~ **percent** of its value at the time and place of

14 severance. Such value shall be the higher of ~~(1)~~ the gross receipts received from the

15 first purchaser, less charges for trucking, barging and pipeline fees, or ~~(2)~~ the posted

16 field price. In the absence of an arms length transaction or a posted field price, the

17 value shall be the severer's gross income from the property as determined by R.S.

1 47:158(C).

2 **(ii) For oil wells permitted by the Department of Natural Resources on**
3 **or after July 1, 2021, from which production commences between July 1, 2022,**
4 **and June 30, 2025, the rate on oil shall be reduced from twelve and one-half**
5 **percent to eight percent.**

6 * * *

7 Section 2. This Act shall become effective upon signature by the governor or, if not
8 signed by the governor, upon expiration of the time for bills to become law without signature
9 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
10 vetoed by the governor and subsequently approved by the legislature, this Act shall become
11 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SB 406 Original 2022 Regular Session Henry

Present law levies a tax on the severance of natural resources including oil. The full rate of the oil severance tax is 12.5%.

Proposed law reduces the rate of oil severance tax for three years to 8% for newly drilled wells from which production begins between July 1, 2022, and June 30, 2025.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 47:633(7)(a))