
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)]

HB 278 Engrossed

2023 Regular Session

McFarland

Abstract: Increases amounts of state severance tax revenues remitted to parishes, repeals a previously adopted trigger for increasing these amounts which has never been implemented, requires that parishes expend portions of these amounts in a manner consistent with expenditure of monies they receive from the Parish Transportation Fund, and implements provisions of the current constitution for the use of certain severance tax revenues for Atchafalaya Basin conservation projects.

Present constitution provides that, effective July 1, 2007, 20% of the severance tax on all natural resources other than sulphur, lignite, or timber shall be remitted to the governing authority of the parish in which severance or production occurs. Provides that the initial maximum amount remitted to a parish shall not exceed \$850,000; provides that, beginning in 2008, this figure shall be adjusted annually for inflation, on July 1 of each year, according to the average annual increase in the Consumer Price Index (CPI). The inflation-adjusted maximum amount to be remitted to parishes is \$1,146,603 in Fiscal Year (FY) 2022-2023.

Present constitution would further increase the maximum amount to be remitted to parishes if the last official forecast of revenues adopted for a fiscal year before the start of that fiscal year contains an estimate of severance tax revenues derived from natural resources other than sulphur, lignite, or timber in an amount which exceeds the actual severance tax revenues from those resources collected in FY 2008-2009. Provides that such increases in the maximum amount to be remitted to parishes, if triggered, would be as follows:

- (1) From the inflation-adjusted \$850,000 figure (\$1,146,603 currently) to \$1,850,000 in the first fiscal year after collections exceed the FY 2008-2009 level.
- (2) To \$2,850,000 in all subsequent fiscal years.

Present constitution provides that the term "excess severance tax", for purposes of present constitution, shall mean the amount of severance tax revenue remitted to a parish in excess of the amount remitted in FY 2011-2012. Requires that at least 50% of the excess severance tax remitted to a parish in a fiscal year be used within the parish in the same manner, and for the same purposes, as monies that the parish receives from the Parish Transportation Fund.

Proposed constitutional amendment repeals the trigger for increasing the maximum amount of severance tax revenue to be remitted to parishes based on a current-year estimate of severance tax collections exceeding FY 2008-2009 collections.

Proposed constitutional amendment provides that, effective July 1, 2024, the amount of severance tax revenue from all natural resources other than sulphur, lignite, or timber to be remitted to the respective parishes where the severance or production occurs shall be the lesser of the following:

- (1) The total severance tax on all natural resources other than sulphur, lignite, or timber attributable to severance or production within the parish.
- (2) \$2,850,000.

Proposed constitutional amendment provides that on July 1, 2025, and each July 1 thereafter, the \$2,850,000 limit on severance tax revenues to be remitted to parishes shall be adjusted annually for inflation according to the average annual increase in the CPI.

Proposed constitutional amendment amends present constitution to provide that the term "excess severance tax", for purposes of present constitution and proposed constitutional amendment, shall mean the amount of severance tax revenue remitted to a parish in excess of the amount remitted in FY 2022-2023. Proposed constitutional amendment amends present constitution to require that 100% of the excess severance tax remitted to a parish in a fiscal year be used within the parish in the same manner, and for the same purposes, as monies that the parish receives from the Parish Transportation Fund.

Present constitution creates the Atchafalaya Basin Conservation Fund and authorizes specific uses of monies in the fund. Provides, however, that implementation of the fund is tied to the trigger for increasing the maximum amount of severance tax revenue to be remitted to parishes which proposed constitutional amendment repeals. Present constitution provides that after the allocation of severance tax revenues required by present constitution, as amended by proposed constitutional amendment, 50% of the revenues received from severance taxes and royalties on state lands in the Atchafalaya Basin, not to exceed \$10,000,000 each fiscal year, shall be deposited into the fund. Proposed constitutional amendment retains present constitution.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 14, 2023.

(Amends Const. Art. VII, §4(D))