

RÉSUMÉ DIGEST

ACT 431 (HB 634)

2023 Regular Session

McFarland

Existing law, pursuant to the authority of existing constitution, levies severance taxes on all natural resources severed from the soil or water, including all forms of timber, including pulp woods, turpentine, and other forest products; minerals such as oil, gas, natural gasoline, distillate, condensate, casinghead gasoline, sulphur, salt, coal, lignite, and ores; marble, stone, sand, shells, and other natural deposits; and the salt content in brine.

Existing law provides that production of natural gas, gas condensate, and oil from any well drilled to a true vertical depth of more than 15,000 feet shall be exempt from severance tax for 24 months or until payout of the well cost, whichever comes first.

Prior law provided that the tax exemption period commenced from the date production began.

New law provides that the tax exemption period commences from the date that commercial production begins.

New law provides that, for purposes of the deep-well severance tax exemption, the date commercial production begins shall be the first day the well produces into the permanent production equipment and facilities have been constructed to process and deliver oil or gas to a sales point. Stipulates that the date of a drill-stem test, production test, or any other related production shall not be considered, construed, or deemed the date commercial production begins regardless of whether such activities are classified as active production by the Dept. of Natural Resources. Provides further that the date commercial production begins may be a date subsequent to the well completion date.

New law stipulates that its provisions shall apply to each Application for Well Status Determination (Deep Well) filed with the office of conservation of the Dept. of Natural Resources on or after Jan. 1, 2023. Provides that each applicant who filed such an application on or after Jan. 1, 2023, and prior to the effective date of new law (June 27, 2023) shall be permitted to amend its application to conform with the provisions of new law.

New law establishes that its provisions are procedural and interpretive.

Effective upon signature of governor (June 27, 2023).

(Amends R.S. 47:633(9)(d)(v))