

2024 Regular Session

HOUSE BILL NO. 418

BY REPRESENTATIVES BEAULLIEU AND JACOB LANDRY

TAX/SEVERANCE TAX: Reduces severance tax rates on oil and gas produced from inactive wells and orphan wells

1 AN ACT

2 To amend and reenact R.S. 47:633(7)(c)(iv), relative to severance tax; to reduce the rate of
3 severance tax on oil and gas produced from wells with inactive or orphan well status;
4 to provide for an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:633(7)(c)(iv) 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)

13 * * *

14 (c)

15 * * *

16 (iv) Production from an oil or gas well subsequent to the well's having been
17 inactive for two or more years or having thirty days or less of production during the
18 past two years shall be subject to a severance tax rate equal to ~~fifty~~ twenty-five
19 percent of the rate imposed under this Paragraph or Paragraph (9) of this Section for
20 a period of ten years. Production from an oil or gas well subsequent to the well's

- (2) Production from an oil or gas well subsequent to the well's having been designated as an orphan well for longer than 60 months shall be subject to a severance tax rate equal to 25% of the general severance tax rate imposed by present law for a period of ten years.

Proposed law lowers the special rate on production from an oil or gas well subsequent to the well's having been inactive for two or more years, or having 30 days or less of production during the past two years, from 50% of the general severance tax rate to 25% of that rate.

Proposed law lowers the special rate on production from an oil or gas well subsequent to the well's having been designated as an orphan well for longer than 60 months from 25% of the general severance tax rate to 12.5% of that rate.

Proposed law retains the ten-year period for each special rate.

Effective July 1, 2024.

(Amends R.S. 47:633(7)(c)(iv))