

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 25** HLS 243ES 10
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: November 20, 2024 10:21 AM	Author: RISER
Dept./Agy.: Revenue	Analyst: Benjamin Vincent
Subject: Severance Tax Rates, Dedications, Exemptions	

TAX/SEVERANCE TAX RE1 NO IMPACT See Note Page 1 of 1
 Provides relative to severance tax on oil and gas and for dedication of certain severance tax revenues (Item #9)

Proposed law adds new definitions to R.S. 47:633(7) relative to General Severance rates of taxation and exemptions for horizontally drilled wells. Provides for the following terms: 1) "Payout of Well Cost" 2) "Qualified Accountant" and 3) "Well Cost Statement".

Effective upon signature of the governor.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The proposed law defines terminology involved in the process of determining severance tax exemptions for horizontally drilled wells. Current law provides for an exemption from severance tax for production from horizontally drilled wells for a period of 24 months or until payout of the well cost is achieved, as determined by the Department of Energy and Natural Resources (DENR). Proposed law standardizes this determination by defining a "well cost statement" to be submitted to DENR which must conform to certain standards and be issued by a "Qualified accountant", also defined in the proposed law.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger
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Legislative Fiscal Officer