

2025 Regular Session

HOUSE BILL NO. 495

BY REPRESENTATIVE GEYMANN

TAX/SEVERANCE TAX: Limits the severance tax exemption for gas produced from horizontally drilled wells

1 AN ACT

2 To amend and reenact R.S. 47:633(7)(d)(introductory paragraph), relative to severance tax;
3 to provide relative to the severance tax exemption; to provide for an exemption for
4 oil and gas produced from horizontally drilled wells; to limit the exemption period
5 for gas produced from those wells; to provide for applicability; to provide for
6 effectiveness; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:633(7)(d)(introductory paragraph) is hereby amended and
9 reenacted to read as follows:

10 §633. Rates of tax

11 The taxes on natural resources severed from the soil or water levied by R.S.
12 47:631 shall be predicated on the quantity or value of the products or resources
13 severed and shall be paid at the following rates:

14 * * *

15 (7)

16 * * *

17 (d) There shall be an exemption from severance tax as provided in this
18 Subparagraph for production from any horizontally drilled well, or, on any
19 horizontally drilled recompletion well, from which production occurs on or after July
20 1, 2015. The exemption for oil shall last for a period of twenty-four months or until

1 payout of the well cost is achieved, whichever comes first. The exemption for gas
2 shall last for a period of six months or until payout of the well cost is achieved,
3 whichever comes first. For the purposes of this Section, "horizontal drilling" shall
4 mean high angle directional drilling of bore holes with fifty to three thousand plus
5 feet of lateral penetration through productive reservoirs, and "horizontal
6 recompletion" shall mean horizontal drilling in an existing well bore. Payout of well
7 cost shall be the cost of completing the well to the commencement of production as
8 determined by the Department of Energy and Natural Resources.

9 * * *

10 Section 2. The provisions of this Act shall apply to taxable periods beginning on or
11 after July 1, 2025.

12 Section 3. This Act shall become effective on July 1, 2025; if vetoed by the governor
13 and subsequently approved by the legislature, this Act shall become effective on July 1,
14 2025, or on the day following such approval by the legislature, whichever is later.

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 495 Original

2025 Regular Session

Geymann

Abstract: Reduces the duration of a severance tax exemption for gas produced from horizontally drilled wells.

Present law provides for the levy of a severance tax on natural resources severed from the soil or water. Provides that the rate of severance tax is predicated on the quantity or value of the products or resources severed. Establishes severance tax rates on resources subject to the tax.

Present law establishes an exemption, known commonly as the "horizontal well exemption", for oil and gas produced from horizontally drilled wells or horizontally drilled recompletion wells as defined in present law.

Present law provides that the horizontal well exemption for oil and gas shall last for a period of 24 months or until payout of the well cost is achieved, whichever comes first.

Proposed law retains the horizontal well exemption for oil as provided in present law but limits the duration for which the exemption applies to gas. Provides that the horizontal well exemption for gas shall last for a period of six months or until payout of the well cost is achieved, whichever comes first.

Proposed law otherwise retains present law.

Proposed law applies to taxable periods beginning on or after July 1, 2025.

Effective July 1, 2025.

(Amends R.S. 47:633(7)(d)(intro. para.))