
DIGEST

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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.))