HOUSE SUMMARY OF SENATE AMENDMENTS

HB 600 **2025 Regular Session** **Geymann**

TAX/SEVERANCE TAX: Reduces the rate of severance tax on oil produced from newly completed wells and provides relative to special rates on oil produced from certain limited-production wells

Synopsis of Senate Amendments

1. Changes the effective date of proposed law from July 1, 2025, to if and when House Bill No. 495 of this 2025 R.S. becomes effective.

Digest of Bill as Finally Passed by Senate

Present law provides for the levy of a tax, known as 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 provides that the severance tax on oil is 12.5% of its value at the time and place of severance.

Proposed law reduces the severance tax for newly produced oil by establishing a severance tax rate of 6.5% on oil produced from wells completed on or after July 1, 2025.

Present law establishes special severance tax rates for oil produced from wells designated as incapable wells, stripper wells, inactive wells, and orphan wells pursuant to present law.

Proposed law changes the special rate on oil produced from incapable wells from one-half of the regular rate provided for in present law and proposed law to 6.25%.

Proposed law changes the special rate on oil produced from stripper wells from one-fourth of the regular rate provided for in present law and proposed law to 3.125%.

Proposed law changes the special rate on oil produced from inactive wells from one-half or one-quarter of the regular rate provided for in present law and proposed law, depending on when the oil was produced, to 6.25% or 3.125%, depending on when the oil was produced.

Proposed law changes the special rate on oil produced from orphan wells from one-fourth or one-eighth of the regular rate provided for in present law and proposed law, depending on when the oil was produced, to 3.125% or 1.565%, depending on when the oil was produced.

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

Effective if and when the Act which originated as House Bill No. 495 of this 2025 R.S. becomes effective.

(Amends R.S. 47:633(7)(a), (b), and (c)(i)(aa), (ii)(aa), and (iv)(aa) and (bb))