
DIGEST

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Anders

HB No. 166

Abstract: Authorizes, rather than requires, the La. Tax Commission to assist the La. Forestry Commission in determining the annual value of trees, timber, and pulpwood for purposes of levying severance taxes.

Present law requires the state tax levied on natural resources severed from the soil or water to be predicated on the quantity or value of the products or resources severed.

Present law provides that the rate of the tax levied on trees and timber is 2.25% of the current average stumpage market value of timber and the rate of the tax levied on pulpwood is 5% of the current average stumpage market value of pulpwood. Stumpage value is determined annually on the second Monday of Dec. by the La. Forestry Commission and the La. Tax Commission and is effective on the first day of Jan. in the following year, continuing until the next succeeding Jan.

Proposed law retains present law as to the rate of these taxes but changes the present law from a requirement that the La. Tax Commission determine the annual stumpage value to an authorization that the La. Tax Commission assist the La. Forestry Commission in determining same. Proposed law further changes the time of determining the annual stumpage value from the second Monday in Dec. to Dec.

Present law requires the La. Forestry Commission and the La. Tax Commission to base the determination of the market value of trees, timber, and pulpwood exclusively on sales of timber as reported to the Dept. of Revenue and as published in the "Quarterly Report of Forest Products" by the La. Dept. of Agriculture and Forestry.

Proposed law changes present law by deleting the reference to the La. Tax Commission since the La. Tax Commission's participation in determining the market value of trees, timber, and pulpwood is permissive rather than mandatory. Proposed law further changes the requirement that the determination of market value of trees, timber, and pulpwood be based exclusively on timber sales to a determination that considers timber sales.

Proposed law defines "time and place of severance" or "time of severance" for purposes of payment of severance tax, as the date, point, or place at which the tax levied on the quantity or value of a natural resource can be determined. Further provides that for purposes of payment of severance taxes only, oil or condensate shall be considered severed when the product is transferred from the producer to the first purchaser at the point of disposition in an arm's-length transaction.

(Amends R.S. 47:633(1), (2), and (3); adds R.S. 47:634(4))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Adds a definition for "time and place of severance" or "time of severance" for purposes of payment of the severance tax.
2. Adds provision that for purposes of payment of severance taxes only, oil or condensate shall be considered severed when the product is transferred from the producer to the first purchaser at the point of disposition in an arm's-length transaction.