

Regular Session, 2013

SENATE RESOLUTION NO. 189

BY SENATOR PEACOCK

COMMITTEE STUDIES. Creates a task force to study the deduction and withholding of certain oil and gas proceeds of out-of-state individuals and entities.

A RESOLUTION

To establish a task force to study the tax collection processes in other energy-producing states and make recommendations regarding procedures relative to the deduction and withholding of oil and gas proceeds of out-of-state entities and individuals.

WHEREAS, R.S. 47:164 authorizes the secretary of the Department of Revenue to require all persons making payments of interest, rent, salaries, wages, premiums, annuities, compensation, remunerations, emoluments, or other fixed or determinable gains, profits, and income of one thousand dollars or more to another person to report such payment to the Department of Revenue; and

WHEREAS, current regulations require the filing of an informational return such as the Federal Form 1099 MISC for any payment of one thousand dollars or more that is made to a nonresident of Louisiana for rent or royalties from properties located in Louisiana; and

WHEREAS, a number of other energy-producing states provide for withholding of such income; and

WHEREAS, in Louisiana the income on any amount derived from oil and gas production from any well located in the state and payable as a mineral lease, royalty interest, oil payment, overriding royalty interest, production payment interest, working interest, or any other obligation expressed as a right to a specified interest in the cash proceeds received

1 from the sale of oil and gas production or in the cash value of that production is taxable to
2 Louisiana and the tax is required to be paid on this income through the filing of annual
3 income tax returns.

4 THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana
5 does hereby establish the Withholding Study Task Force to study the tax collection processes
6 in other energy-producing states, including types of taxes levied, the amounts of each
7 collected, and the percentage of total collections of each, and make recommendations, if
8 needed, regarding procedures relative to a requirement to deduct and withhold oil and gas
9 proceeds of out-of-state individuals and entities.

10 BE IT FURTHER RESOLVED that the Withholding Study Task Force shall be
11 comprised of the following members:

12 (1) The chairman of the Senate Committee on Revenue and Fiscal Affairs, or his
13 designee.

14 (2) One member of the Senate appointed by the president of the Senate.

15 (3) The secretary of the Department of Revenue, or his designee.

16 (4) The secretary of the Department of Natural Resources, or his designee.

17 (5) The chairman of the Louisiana State Mineral and Energy Board, or his designee.

18 (6) One member with experience in accounting in the oil and gas field appointed by
19 the governor.

20 (7) The chairman of the Senate Committee on Transportation, Highways, and Public
21 Works, or his designee.

22 BE IT FURTHER RESOLVED that the Withholding Study Task Force requests
23 participation in the meetings and the discussions from other representatives of the oil and
24 gas industry and Louisiana land owners.

25 BE IT FURTHER RESOLVED that the Senate of the Legislature of Louisiana urges
26 and requests the Department of Revenue in conjunction with the Louisiana Mineral and
27 Energy Board and any other necessary association to compile information on which types
28 of taxes are levied, the amounts of collections from each, and the percentage of total
29 collections of each in energy-producing states and how taxes are collected in those states
30 from out-of-state taxpayers relative to any amount derived from oil and gas production from

1 any well located in the state and payable as a mineral lease, royalty interest, oil payment,
2 overriding royalty interest, production payment interest, working interest, or any other
3 obligation expressed as a right to a specified interest in the cash proceeds received from the
4 sale of oil and gas production or in the cash value of that production.

5 BE IT FURTHER RESOLVED that the Senate of the Legislature of Louisiana urges
6 and requests the Department of Revenue to provide a cost benefit analysis report to the
7 Withholding Study Task Force.

8 BE IT FURTHER RESOLVED that the Withholding Study Task Force shall hold
9 its organizational meeting no later than August 30, 2013, to elect a chairman and vice
10 chairman from among its membership.

11 BE IT FURTHER RESOLVED that the task force shall meet as necessary during the
12 interim, between the 2013 and 2014 Regular Sessions, and shall report its findings to the
13 members of the Senate and to the governor no later than January 15, 2014.

14 BE IT FURTHER RESOLVED that the Withholding Study Task Force report shall
15 be direct and concise and shall detail filing and payment requirements and necessary
16 recommendations on tax policies to benefit the state and to insure the state receives its fair
17 share of revenues from taxable properties located in the state.

18 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
19 secretary of the Department of Revenue, the secretary of the Department of Natural
20 Resources, the chairman of the State Mineral and Energy Board, and to all members of the
21 Withholding Study Task Force.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by McHenry Lee.

DIGEST

Peacock

SR No. 189

Creates a task force to study the deduction withholding of certain oil and gas proceeds of out-of-state individuals and entities.