

Regular Session, 2014

HOUSE BILL NO. 713

BY REPRESENTATIVE GREENE

TAX/SEVERANCE TAX: Provides that severance taxes do not have to be paid during the period of a suspension or exemption from severance tax when the well operator holds a certificate of good standing

1 AN ACT

2 To amend and reenact R.S. 47:633(9)(d)(v) and to enact R.S. 633(7)(c)(iii)(cc), relative to  
3 severance tax; to provide with respect to the payment of severance tax by certain  
4 well operators; to provide for certain requirements; to provide for an effective date;  
5 and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:633(9)(d)(v) is hereby amended and reenacted and R.S.  
8 633(7)(c)(iii)(cc) is hereby enacted to read as follows:

9 §633. Rates of tax

10 \* \* \*

11 (7)

12 \* \* \*

13 (c)

14 \* \* \*

15 (iii)

16 \* \* \*

17 (cc) Severance tax shall not be required to be paid for the period of  
18 suspension listed in this Subsection when the operator of the well for which the  
19 exemption is sought holds a certificate of good standing issued by the Department

1 of Revenue and the Department of Natural Resources and the well has been  
2 determined by the Department of Natural Resources to qualify as a "horizontally  
3 drilled well" prior to the well beginning production.

4 \* \* \*

5 (9)

6 \* \* \*

7 (d)

8 \* \* \*

9 (v) Production of natural gas, gas condensate, and oil from any well drilled  
10 to a true vertical depth of more than fifteen thousand feet, where production  
11 commences after July 31, 1994, shall be exempt from severance tax, from the date  
12 production begins, for twenty-four months or until payout of the well cost, whichever  
13 comes first. Severance tax shall not be required to be paid for this period of  
14 exemption when the operator of the well for which the exemption is sought, holds  
15 a certificate of good standing issued by the Department of Revenue and Department  
16 of Natural Resources and the well has been determined by the Department of Natural  
17 Resources to be drilled to a true vertical depth of more than fifteen thousand feet  
18 prior to the well beginning production.

19 \* \* \*

20 Section 2. This Act shall become effective upon signature by the governor or, if not  
21 signed by the governor, upon expiration of the time for bills to become law without signature  
22 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
23 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
24 effective on the day following such approval.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

---

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)]

---

Greene

HB No. 713

**Abstract:** Provides that severance taxes do not have to be paid during the period of a suspension or exemption from severance tax when the well operator holds a certificate of good standing issued by the Dept. of Revenue (DOR) and Dept. of Natural Resources (DNR).

Present law provides for the levy of a tax for natural resources severed from the soil or water predicated on the quantity of the value of the products or resources severed. The rate of the tax varies based on the natural resource.

Present law provides for a suspension on the collection of severance taxes for 24 months or until payout of the well cost is achieved, whichever comes first, on any horizontally drilled well or any horizontally drilled well recompletion well from which production after July 1, 1994. Payout of the well cost shall be the cost of completing the well to commencement of productions determined by the Dept. of Natural Resources (DNR).

Proposed law retains present law but specifies that the severance tax shall not be required to be paid during the period of suspension of the severance tax when the well operator holds a certificate of good standing issued by the Dept. of Revenue (DOR) and DNR and the well has been determined by DNR to qualify as a "horizontally drilled well" prior to beginning production.

Present law authorizes an exemption from severance tax for 24 months or until payout of the well, which ever comes first, for production of natural gas, gas condensate, and oil from any well drilled to a true vertical depth of more than 15,000 feet, where production commences after July 31, 1994.

Proposed law retains present law but specifies that the severance tax shall not be required to be paid during the exemption period when the well operator holds a certificate of good standing issued by the DOR and DNR and the well has been determined by DNR to be drilled to a true vertical depth of more than 15,000 feet prior to the well beginning production.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:633(9)(d)(v); Adds R.S. 633(7)(c)(iii)(cc))