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## DIGEST

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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))