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## DIGEST

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HB 631 Original

2015 Regular Session

Harris

**Abstract:** Changes the severance tax "exemption" for production of oil and natural gas from horizontally drilled wells and horizontally drilled recompletion wells by changing the duration from 2 to 4 years and by changing the amount of the exemption from 100% to a certain amount based on the price of oil and natural gas.

Present law imposes a tax on natural resources severed from the soil or water based upon quantity or value of the products or resources severed.

Present law establishes a severance tax rate for oil at 12.5% of value.

Present law establishes a severance tax rate for natural gas at a minimum of 7¢ per 1,000 cubic feet, which rate is subject to an annual rate adjustment based on the prior year's price of natural gas.

Present law suspends the levy of 100% of the severance tax on production from a horizontally drilled well or horizontally drilled recompletion well for a period of 24 months or until payout of the well cost is achieved, whichever comes first.

Proposed law changes present law by extending the duration of the exemption period from 24 to 48 months.

Proposed law changes present law for the suspension of severance taxes on *oil production* from horizontally drilled wells and recompletion wells commencing on or after Jan. 1, 2016, by changing the amount of the exemption from 100% to amounts varying from 0 to 100% based on the price of oil, as such price is established annually by the secretary of the Dept. of Natural Resources for the ensuing calendar year.

Proposed law changes present law for the suspension of severance taxes on *natural gas production* from horizontally drilled wells and recompletion wells commencing on or after Jan. 1, 2016, by changing the amount of the exemption from 100% to amounts varying from 0 to 100% based on the price of natural gas, as such price is established annually by the secretary of the Dept. of Natural Resources for the ensuing calendar year.

Effective July 1, 2015.

(Amends R.S. 47:633(7)(c)(iii)(intro.para); Adds R.S. 47:633(7)(d)