

1 WHEREAS, the legislative auditor found that prior to September 2010, LDR used
2 an automated non-filer identification program to automatically detect companies that did not
3 file required tax returns, including severance tax returns, and sent these non-filers proposed
4 tax assessments; and

5 WHEREAS, data provided by LDR for the audit showed that for fiscal years 2009
6 and 2010, the non-filer program identified an average of one thousand ninety-six instances
7 of non-filed severance tax returns and proposed assessments totaling approximately \$11.7
8 million per year; and

9 WHEREAS, LDR suspended the non-filer program for all tax types in September of
10 2010 and did not resume the program for severance taxes until the end of 2013; and

11 WHEREAS, the legislative auditor additionally found that LDR did not adequately
12 verify the accuracy of the self-reported data that companies use to determine the amount of
13 severance taxes owed to the state; and

14 WHEREAS, severance tax payments are based on data that is reported by the
15 companies that owe the tax, including oil and gas production amounts and sale price, and
16 certain costs that are allowed to be deducted; and

17 WHEREAS, if a company under-reports production or sale price data, the company
18 will miscalculate and underpay severance taxes owed to the state; and

19 WHEREAS, the legislative auditor determined that LDR could better ensure that it
20 is identifying all underpaid severance taxes by comparing its data with data from the office
21 of conservation within the Department of Natural Resources, because the office of
22 conservation receives production data for all oil and gas wells in Louisiana; and

23 WHEREAS, severance taxes are the legal manifestation of the limited claim of every
24 Louisiana citizen on the mineral wealth of the state; and

25 WHEREAS, payment of severance taxes is separate from and should not be confused
26 with the industry's obligation to pay for coastal restoration or to repair damages; and

27 WHEREAS, citizens should not have to pay for coastal restoration and repair of
28 damages out of severance taxes; and

29 WHEREAS, underpaid severance taxes result in less revenue for vital state services;
30 and

1 WHEREAS, the state has made severe cuts to education, health care, and other
2 programs assisting citizens because of its limited revenues and is in need of the additional
3 revenue that should have been reported and collected in the form of severance taxes; and

4 WHEREAS, the agencies of this state, including but not limited to the Department
5 of Natural Resources, the Department of Environmental Quality, and LDR, do not have the
6 resources, including staff, to adequately monitor and regulate the natural resources of the
7 state and the revenue derived therefrom, upon which the state so vitally depends; and

8 WHEREAS, a portion of the revenue generated from the collection of unreported and
9 uncollected severance taxes could be used not only to increase funding to programs assisting
10 citizens of the state in the form of education and health care, but also to provide resources,
11 including staff, to agencies that monitor and regulate those who sever our natural resources;
12 and

13 WHEREAS, the agencies of this state must regulate and enforce the responsible
14 severing of our state's most vital resources, which must include at a minimum gathering
15 accurate information such as production and pricing data; continuous monitoring; penalizing
16 persons for violations, including but not limited to contamination; and efficiently and
17 effectively collecting all severance taxes owed to the state and the citizens thereof derived
18 from the privilege of severing our natural resources.

19 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
20 determine that severance tax payments owed to the state and its citizens are independent
21 from and do not diminish the responsibility for payments made for coastal restoration or
22 repair of damages.

23 BE IT FURTHER RESOLVED that the Legislature of Louisiana does hereby direct
24 the legislative auditor to conduct audits to identify severance taxes that are owed but have
25 not been paid to the state for fiscal years 2011 through 2014.

26 BE IT FURTHER RESOLVED that the legislative auditor shall complete the audits
27 and report thereon no later than January 31, 2016.

28 BE IT FURTHER RESOLVED that the Department of Revenue shall thereafter
29 promptly issue the required notices, including all penalties and interest, which shall not be
30 waived, and collect the unpaid severance taxes identified by the legislative auditor.

1 BE IT FURTHER RESOLVED that the Legislature of Louisiana hereby directs the
2 legislative auditor to conduct these audits each year, beginning with fiscal year 2015, and
3 to complete the audits and report thereon no later than October thirty-first each year so that
4 the audit information can be used by the Revenue Estimating Conference.

5 BE IT FURTHER RESOLVED that the Department of Natural Resources through
6 the office of conservation shall provide to the Department of Revenue quarterly reports on
7 oil and gas production to be used by the Department of Revenue to verify the accuracy of
8 the self-reported data used to determine the amount of severance taxes owed to the state and
9 its citizens.

10 BE IT FURTHER RESOLVED that a suitable copy of this Resolution be transmitted
11 to the legislative auditor, the commissioner of conservation, and the secretary of the
12 Department of Revenue.

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)]

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Bouie

Directs the legislative auditor to conduct audits for fiscal years 2011 through 2014 and annually thereafter of severance taxes that are owed but have not been paid to the state. Directs the Dept. of Revenue to promptly collect taxes identified by the legislative auditor. Directs the Dept. of Natural Resources through the office of conservation to provide the Dept. of Revenue with quarterly reports on oil and gas production.