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

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DIGEST

SB 23 Original

2016 First Extraordinary Session

Morrell

Present law authorizes a corporate income tax deduction for intangible drilling and well costs.

Present law provides an exemption from oil and gas severance tax for horizontal wells that continues for 24 months or until payout of well cost is met, whichever comes first. The current rate of this exemption is 100%; however, the rate fluctuates with the market price of oil and gas.

Proposed law modifies the corporate income tax deduction by disallowing the deduction for any intangible drilling and well costs that are used to calculate well cost payout for purposes of the horizontal drilling severance tax exemption.

Applicable to taxable periods beginning on or after January 1, 2016.

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

(Adds R.S. 47:287.743(D))