HLS 21RS-71 ORIGINAL

2021 Regular Session

HOUSE BILL NO. 26

1

BY REPRESENTATIVE MCCORMICK

TAX/SEVERANCE-EXEMPTION: Provides with respect to the severance tax exemption for stripper wells

AN ACT

2	To amend and reenact R.S. 47:633(7)(c)(i)(bb), relative to severance tax exemptions; to
3	provide for the value used to determine the applicability of an exemption for certified
4	stripper well production; to provide for certain requirements and limitations; and to
5	provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 47:633(7)(c)(i)(bb) is hereby amended and reenacted to read as
8	follows:
9	§633. Rates of tax
10	The taxes on natural resources severed from the soil or water levied by R.S.
11	47:631 shall be predicated on the quantity or value of the products or resources
12	severed and shall be paid at the following rates:
13	* * *
14	(7)
15	* * *
16	(c)(i)
17	* * *

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

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1 (bb) Crude oil produced from certified stripper wells shall be exempt from
2 severance tax in any month in which the average value set forth in Subparagraph (a)
3 of this Paragraph is less than twenty seventy-five dollars per barrel.
4 \* \* \*

## **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)]

HB 26 Original

2021 Regular Session

**McCormick** 

**Abstract:** Changes the value required for crude oil produced from stripper wells to be exempt from severance tax.

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

<u>Present law</u> establishes a severance tax on oil at a rate of 12.5% of its value at the time and place of severance. The value is the higher of: (1) gross receipts received from the first purchaser, less charges for trucking, barging and pipeline fees or (2) the posted field price.

<u>Present law</u> exempts crude oil produced from certified stripper wells from severance tax in any month in which the average value defined in <u>present law</u> (R.S. 47:633(7)(a)) is less than \$20 per barrel. Proposed law increases the value from \$20 to \$75.

(Amends R.S. 47:633(7)(c)(i)(bb))