

Regular Session, 2011

HOUSE BILL NO. 422

BY REPRESENTATIVE HENDERSON

TAX/TAXATION: (Constitutional Amendment) Removes the prohibition related to the imposition of an additional tax or license on gas, authorizes the levy of a tax, fee, permit, or license on natural gas transported in Louisiana, and creates the Fair Share Fund

A JOINT RESOLUTION

1  
2 Proposing to amend Article VII, Section 4(B) and to enact Article VII, Section 10.13 of the  
3 Constitution of Louisiana, relative to taxation of certain natural resources; to remove  
4 the prohibition related to the levy of an additional tax or license on certain natural  
5 resources; to authorize the levy of a tax, fee, permit, or license on natural gas in  
6 Louisiana; to establish the Fair Share Fund; to provide for the deposit, use, and  
7 investment of monies in the fund; to provide for an effective date; to provide for  
8 submission of the proposed amendment to the electors; and to provide for related  
9 matters.

10 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members  
11 elected to each house concurring, that there shall be submitted to the electors of the state of  
12 Louisiana, for their approval or rejection in the manner provided by law, a proposal to  
13 amend Article VII, Section 4(B) and to enact Article VII, Section 10.13 of the Constitution  
14 of Louisiana, to read as follows:

§4. Income Tax; Severance Tax; Political Subdivisions

Section 4.(A)

\* \* \*

(B) Severance Tax. Taxes may be levied on natural resources severed from

the soil or water, to be paid proportionately by the owners thereof at the time of

1 severance. Natural resources may be classified for the purpose of taxation. Such  
 2 taxes may be predicated upon either the quantity or value of the products at the time  
 3 and place of severance. No further or additional tax or license shall be levied or  
 4 imposed upon oil, ~~gas~~, or sulphur leases or rights; however, a tax, fee, permit, or  
 5 license may be levied upon natural gas regardless of the method used to transport,  
 6 transmit, or convey natural gas in this state. No additional value shall be added to  
 7 the assessment of land by reason of the presence of oil, gas, or sulphur therein or  
 8 their production therefrom. However, sulphur in place shall be assessed for ad  
 9 valorem taxation to the person, firm, or corporation having the right to mine or  
 10 produce the same in the parish where located, at no more than twice the total  
 11 assessed value of the physical property subject to taxation, excluding the assessed  
 12 value of sulphur above ground, as is used in sulphur operations in such parish.  
 13 Likewise, the severance tax shall be the only tax on timber; however, standing timber  
 14 shall be liable equally with the land on which it stands for ad valorem taxes levied  
 15 on the land.

\* \* \*

17 §10.13. Fair Share Fund

18 Section 10.13(A) The Fair Share Fund is established in the state treasury as  
 19 a special fund to provide financial support to coastal restoration efforts in this state,  
 20 to provide financial support for state initiatives for the improvement of transportation  
 21 systems in Louisiana, to provide a recurring source of revenue for Louisiana public  
 22 universities for the research on and development of alternative fuel sources; and to  
 23 provide payments against the unfunded accrued liability of the public retirement  
 24 systems. After allocation of monies to the Bond Security and Redemption Fund as  
 25 required by Article VII, Section 9(B) of this constitution, the treasurer shall deposit  
 26 in and credit to the Fair Share Fund all remaining monies received from the avails  
 27 of the tax or fee levied on the transportation of natural gas as provided by law.  
 28 Monies in the Fair Share Fund shall be invested in the same manner as the state

1       general fund, and all interest income on such investment shall be deposited into the  
2       Fair Share Fund.

3               B. The treasurer shall make distributions from the Fair Share Fund on the  
4       last day of December and June of each year as follows:

5               (1) Thirty-three percent of the balance in the fund shall be transferred and  
6       credited to the Coastal Protection and Restoration Fund.

7               (2) Thirty-three percent of the balance in the fund shall be transferred and  
8       credited to the state general fund; however, out of the monies transferred to the state  
9       general fund, no less than ten percent shall be appropriated by the legislature to state  
10       universities to provide a dedicated, recurring source of revenues for the research on  
11       and development of alternative fuel sources.

12               (3) Seventeen percent of the balance in the fund shall be transferred and  
13       credited to the Transportation Trust Fund.

14               (4) Seventeen percent of the balance in the fund shall be transferred and  
15       credited to the state general fund for the sole purpose of providing payments against  
16       the unfunded accrued liability of the public retirement systems which are in addition  
17       to any payments required for the annual amortization of the unfunded accrued  
18       liability of the public retirement systems, as required by Article X, Section  
19       29(E)(2)(c) of this constitution.

20       Section 2. Be it further resolved that the provisions of this amendment shall become  
21       effective on January 1, 2012.

22       Section 3. Be it further resolved that this proposed amendment shall be submitted  
23       to the electors of the state of Louisiana at the statewide election to be held on October 22,  
24       2011.

25       Section 4. Be it further resolved that on the official ballot to be used at said election  
26       there shall be printed a proposition, upon which the electors of the state shall be permitted  
27       to vote FOR or AGAINST, to amend the Constitution of Louisiana, which proposition shall  
28       read as follows:

1 To authorize the levy of a tax, fee, permit, or license on natural gas  
 2 transported in this state; to remove the prohibition of the levy of additional  
 3 tax or license on gas; to establish and provide for the Fair Share Fund as a  
 4 special fund in the state treasury. (January 1, 2012) (Amends Article VII,  
 5 Section 4(B); Adds Article VII, Section 10.13)

## 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)]

Henderson

HB No. 422

**Abstract:** Removes the prohibition of the levy of additional tax or license on gas and authorizes the levy of a tax, fee, permit, or license on natural gas transported in this state, and establishes the Fair Share Fund.

Present constitution authorizes taxes to be levied on natural resources severed from the soil or water, to be paid proportionately by the owners at the time of severance. Taxes on natural resources may be predicated upon either the quantity or value of the products at the time and place of severance.

Present constitution prohibits further or additional tax or license from being levied or imposed upon oil, gas, or sulphur leases or rights.

Proposed constitutional amendment changes present constitution by removing the prohibition on further levy of a tax or license on gas.

Proposed constitutional amendment authorizes the levy of a tax, fee, permit, or license on natural gas transported in this state.

Proposed constitutional amendment establishes the Fair Share Fund as a special fund in the state treasury to provide financial support to coastal restoration efforts in this state, provide financial support for state initiatives for the improvement of transportation systems in Louisiana, provide a dedicated, recurring source of revenues to state universities for the research and development of alternative fuel sources, and to provide payments against the unfunded accrued liability of the public retirement systems.

Proposed constitutional amendment requires that the avails of the tax or fee levied on natural gas transported in the state shall be deposited into the Fair Share Fund. Further requires the treasurer to make distributions from the fund on the last day of Dec. and June of each year as follows:

- (1) 33% of the balance in the fund shall be transferred and credited to the Coastal Protection and Restoration Fund.
- (2) 33% of the balance in the fund shall be transferred and credited to the state general fund; however, no less than 10% of these monies shall be appropriated by the legislature to state universities to provide a dedicated, recurring source of revenues for the research and development of alternative fuel sources.

- (3) 17% of the balance in the fund shall be transferred and credited to the Transportation Trust Fund.
- (4) 17% of the balance in the fund shall be transferred and credited to the state general fund for the sole purpose of providing payments against the unfunded accrued liability of the public retirement systems which are in addition to any payments required for the annual amortization of the unfunded accrued liability of the public retirement systems in present constitution.

Effective Jan. 1, 2012.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 22, 2011.

(Amends Art. VII, §4(B); Adds Art. VII, §10.13)