

Regular Session, 2011

HOUSE BILL NO. 436

BY REPRESENTATIVE HENDERSON

TAX/STATE: Levies a tax on the transportation of natural gas through pipelines in La. and provides for the disposition of the revenues

1 AN ACT

2 To amend and reenact R.S. 47:643 and to enact Chapter 6-A of Subtitle II of Title 47 of the  
3 Louisiana Revised Statutes of 1950, to be comprised of R.S. 47:700 through 704,  
4 relative to the taxation of certain natural resources; to levy a tax on natural gas  
5 transported in Louisiana; to provide for the use of the avails of the tax; to provide for  
6 the imposition of the tax; to provide for deposits into and use of the Fair Share Fund;  
7 to provide relative to definitions; to authorize the promulgation of rules and  
8 regulations; to provide for reporting requirements; to provide for certain penalties; to  
9 provide for effectiveness; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 47:643 is hereby amended and reenacted and Chapter 6-A of Subtitle  
12 II of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:700 through  
13 704, is hereby enacted to read as follows:

14 §643. Tax in addition to property taxes; restriction on further taxes on oil or gas  
15 rights

16 The payment of the severance tax levied by this Part shall be in addition to,  
17 and shall not affect the liability of the parties so taxed for, the payment of all state,  
18 parochial, municipal, district, and special taxes levied upon their real estate and other  
19 corporeal property, but no further or additional tax or license shall be levied or  
20 imposed upon oil ~~or gas~~ leases or rights; nor shall any additional value be added to

1 the assessment of land by reason of the presence of oil or gas therein or their  
2 production therefrom. A tax, fee, license, or permit may be levied on natural gas  
3 transported in this state. No severance tax or license shall be levied or imposed by  
4 any parish or other local subdivision of the state.

5 \* \* \*

6 CHAPTER 6-A. FAIR SHARE TAX ON NATURAL GAS

7 §700. Statement of intent and policy

8 Over the past century our state has been transformed. Pipelines which deliver  
9 natural gas either from our state, or through it to the rest of the country, have  
10 dissected our coast and accelerated its demise. Other regions of the country have  
11 undeveloped sources of energy; however, these energy sources are not utilized or  
12 developed for fear of damage to ground water, beaches, or the natural landscape. To  
13 the other regions of the country, the costs to develop energy sources are too high.  
14 Louisiana understands the concerns of the rest of the nation; however, it is wrong for  
15 the full cost of providing those benefits to the rest of the country to fall completely  
16 on Louisiana, as it does now. This state has provided much of the energy needs for  
17 this country over the past one hundred years, and we are willing to continue to do so;  
18 however, we can no longer carry the full burden without a fair revenue source to  
19 correct the devastating effect it has wreaked, and will continue to wreak, on this state.  
20 The tax levied in this Chapter attempts to address the many problems, caused either  
21 directly or indirectly by the process of developing energy, which have plagued  
22 Louisiana for decades. This Act attempts to assess a fair share of the cost to those  
23 people receiving the benefit at the expense of Louisiana.

24 §701. Imposition of tax on natural gas

25 A.(1) There is hereby levied and imposed a tax on the use of more than one  
26 mile of facilities for the transportation of natural gas through Louisiana. The tax for  
27 the use of more than one mile of facilities for the transportation of natural gas shall  
28 be equal to fifty cents for each unit of natural gas transported. The avails of the tax  
29 shall be deposited into the Fair Share Fund established in the Constitution of

1 Louisiana. Once the tax provided for in this Section has been levied, no further tax  
2 on the use of facilities for the transportation of a unit of natural gas through Louisiana  
3 shall be levied or imposed by the state.

4 (2) Every owner of natural gas using more than one mile of facilities for the  
5 transportation of a unit of natural gas through this state shall be liable for the tax  
6 levied and imposed by this Section. In the case of successive owners of the unit of  
7 natural gas, each owner of the unit of natural gas shall pay a proportionate amount of  
8 the tax. In the case of joint owners of the unit of natural gas, each owner shall pay  
9 proportionately in accordance with his percentage of ownership.

10 B. Nothing in this Section shall be construed as imposing any tax on the  
11 production, severance, or ownership of natural gas produced within or outside of  
12 boundaries of this state. The tax levied pursuant to the provisions of this Section shall  
13 be levied on the use of facilities for transportation of the natural gas through  
14 Louisiana and not upon the natural gas or the property or rights from which the  
15 natural gas is produced.

16 §702. Definitions

17 The definitions provided for in this Section shall have the meanings ascribed  
18 to them unless the context clearly indicates otherwise:

19 (1) "Facilities" shall mean and include natural gas pipelines used for the  
20 transportation of natural gas within the territorial boundaries of Louisiana.

21 (2) "Mile" shall mean five thousand two hundred and eighty feet.

22 (3) "Natural gas" shall mean a mixture of hydrocarbons that existed in natural  
23 underground reservoirs and which is gaseous at atmospheric pressure measured at a  
24 pressure base of 15.025 pounds per square inch absolute at a temperature base of sixty  
25 degrees Fahrenheit.

26 (4) "Owner" shall mean the person, firm, or corporation having title to the  
27 natural gas during all or any part of the transportation of the natural gas through a  
28 facility in Louisiana.

1           (5) "Transportation" means and includes the movement of a unit of natural  
2           gas through a facility within the state of Louisiana through pipelines.

3           (6) "Unit of natural gas" means one thousand cubic feet of natural gas.

4           §703. Reports and payment of taxes

5           A. The tax levied pursuant to the provisions of this Chapter shall be due and  
6           payable monthly. Tax payments and reports are due as follows:

7           (1) Every owner of natural gas transported through a facility in Louisiana  
8           shall, on or before the last day of each month following the month that the tax is  
9           applicable, submit to the Department of Revenue a statement, on forms approved by  
10           the department, of the business conducted by the owner of the natural gas during the  
11           preceding month. The monthly report shall include the gross quantity of natural gas  
12           transported through a facility in Louisiana, the names of the owner or owners at the  
13           time the natural gas is transported and the portion owned by each, and any other  
14           reasonable and necessary information that the secretary may require for the proper  
15           enforcement of the provisions of this Chapter. The monthly report shall be verified  
16           by a written declaration that it is made under the penalties imposed for perjury.

17           (2) The secretary of the Department of Revenue may promulgate rules and  
18           regulations in accordance with the Administrative Procedure Act as are necessary to  
19           implement the provisions of this Chapter, including regulations regarding the  
20           measurement of a unit of natural gas.

21           §704. Delinquent tax

22           The tax imposed by this Chapter shall become delinquent after the date fixed  
23           for each monthly report to be filed in the office of the collector, and from such time  
24           shall be subject to the addition of interest, penalties, and costs as provided for in R.S.  
25           47:1501 et seq.

26           Section 2. This Act shall take effect and become operative on January 1, 2012, if and  
27 when the proposed amendment of Article VII, Section 4(B) of the Constitution of Louisiana  
28 contained in the Act which originated as House Bill No. \_\_\_\_ of this 2011 Regular Session

- 1 of the Legislature is adopted at the statewide election to be held on October 22, 2011, and  
2 becomes effective.

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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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Henderson

HB No. 436

**Abstract:** Levies a tax (50¢ per 1,000 cubic feet) upon the use of a transportation facility (pipeline) more than one mile in length for the transportation of natural gas through La.

Present law and present constitution prohibits taxes or license in addition to the severance tax on oil or gas leases or rights.

Proposed law changes present law by removing the prohibition of additional tax or license on gas and specifically authorizes the levy of a tax, fee, license, or permit on natural gas transported in this state.

Proposed law provides for the intent and policy of proposed law.

Proposed law levies a tax on the use of more than one mile of facilities (pipelines) for the transportation of natural gas through La. The tax shall be equal to 50¢ for each unit (1,000 cubic feet) of natural gas. Provides for the avails of the tax to be deposited into the Fair Share Fund established in the constitution.

Proposed law provides that once the tax provided for in proposed law has been levied, no further tax on the use of facilities for the transportation of a unit of natural gas through La. shall be levied or imposed by the state.

Proposed law requires every owner of natural gas using more than one mile of facilities for the transportation of a unit of natural gas through this state to be liable for the tax in proportion with each owners percentage of ownership of the natural gas.

Proposed law defines "facilities" as natural gas pipelines used for the transportation of natural gas within the territorial boundaries of La. "Natural gas" is defined as a mixture of hydrocarbons that existed in natural underground reservoirs and which is gaseous at atmospheric pressure measured at a pressure base of 15.025 pounds per square inch absolute at a temperature base of 60 degrees Fahrenheit.

Proposed law defines "transportation" as the movement of a unit of natural gas through a facility within the state through the use of a pipeline. Further provides that a "unit of natural gas" means 1,000 cubic feet of natural gas.

Proposed law requires the tax levied by proposed law to be due and payable monthly. Every owner of natural gas transported through a facility in La. shall, on or before the last day of each month following the month that the tax is applicable, submit to the Dept. of Revenue a statement, on forms approved by the department, of the business conducted by the owner of the natural gas during the preceding month. The monthly report shall include the gross quantity of natural gas transported through a facility in La., the names of the owner or owners at the time the natural gas is transported and the portion owned by each, and any other reasonable and necessary information that the secretary may require.

Proposed law authorizes the Dept. of Revenue to promulgate rules and regulations in accordance with the Administrative Procedure Act as are necessary to implement the provisions of proposed law.

Proposed law provides for penalties of delinquent tax.

Effective on Jan. 1, 2012, if and when the proposed amendment of Article VII, Section 4(B) of the Const. of La. contained in the Act which originated as House Bill No. \_\_\_\_ of this 2011 R.S. is adopted at the statewide election to be held on Oct. 22, 2011, and becomes effective.

(Amends R.S. 47:643; Adds R.S. 47:700-704)