

2020 Regular Session

SENATE BILL NO. 141

BY SENATOR WARD

TAX/TAXATION. Constitutional amendment to reallocate severance tax to parishes for Parish Transportation Funds. (2/3 - CA13s1(A))

A JOINT RESOLUTION

Proposing to amend Article VII, Section 4(D)(1), the introductory paragraph of (D)(4), and (D)(4)(a) of the Constitution of Louisiana, relative to the allocation of severance tax to parishes; to reallocate severance tax to the parishes; to provide relative to the use of a portion of the severance tax allocation for transportation projects; and to specify an election for submission of the proposition to electors and provide a ballot proposition.

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

§4. Income Tax; Severance Tax; Political Subdivisions

* * *

(D)(~~1~~) Severance Tax Allocation.

(1) One-third of the sulphur severance tax, but not to exceed one hundred thousand dollars; one-third of the lignite severance tax, but not to exceed one

1 hundred thousand dollars; one-fifth of the severance tax on all natural resources,
2 other than sulphur, lignite, or timber, but not to exceed five hundred thousand
3 dollars; and three-fourths of the timber severance tax shall be remitted to the
4 governing authority of the parish in which severance or production occurs.

5 * * *

6 ~~(4) Effective April 1, 2012 the provisions of this Subparagraph shall be~~
7 ~~implemented if and when the last official forecast of revenues adopted for a fiscal~~
8 ~~year before the start of that fiscal year contains an estimate of severance tax revenues~~
9 ~~derived from natural resources other than sulphur, lignite, or timber in an amount~~
10 ~~which exceeds the actual severance tax revenues from such natural resources~~
11 ~~collected in Fiscal Year 2008-2009. Upon the adoption of such official forecast, the~~
12 ~~Revenue Estimating Conference shall certify that the requirements for the~~
13 ~~implementation of the provisions contained in this Subparagraph have been met. In~~
14 ~~such event, the following distributions and allocations of severance tax revenues and~~
15 ~~other revenues provided in this Subparagraph shall be effective and implemented for~~
16 ~~the fiscal year for which the official forecast was adopted, and each year thereafter.~~
17 ~~The legislature shall provide by law for the administrative procedures necessary to~~
18 ~~change the severance tax allocation to parishes from a calendar year basis to a fiscal~~
19 ~~year basis.~~

20 (a) Remittance to parishes.

21 (i) ~~In the first fiscal year of implementation of this Subparagraph,~~ **Beginning**
22 **July 1, 2021,** the maximum amount of severance tax on all natural resources other
23 than sulphur, lignite, or timber which is remitted to the parish in which severance or
24 production occurs shall ~~not exceed one million eight hundred fifty thousand dollars.~~
25 ~~For all subsequent fiscal years, the maximum amount remitted to a parish shall not~~
26 ~~exceed~~ **be** two million eight hundred fifty thousand dollars.

27 (ii) ~~On~~ **Beginning in Fiscal Year 2022-2023, on** July first of each year the
28 maximum amount remitted to the parish in which severance or production occurs,
29 as provided in this Subparagraph, shall be increased by an amount equal to the

1 average annual increase in the Consumer Price Index for all urban consumers for the
2 previous calendar year, as published by the United States Department of Labor,
3 which amount shall be as calculated and adopted by the Revenue Estimating
4 Conference.

5 (iii) Of the total amount of severance tax revenues remitted in a fiscal year
6 to a parish governing authority pursuant to the provisions of this Subparagraph, any
7 portion which is in excess of the amount of such tax revenues remitted to that parish
8 in Fiscal Year ~~2011-2012~~ **2019-2020** shall be known as "excess severance tax". At
9 ~~least fifty percent of the~~ **The** excess severance tax received by a parish governing
10 authority in a fiscal year shall be expended within the parish in the same manner and
11 for the same purposes as monies received by the parish from the Parish
12 Transportation Fund.

13 * * *

14 Section 2. Be it further resolved that this proposed amendment shall be submitted
15 to the electors of the state of Louisiana at the statewide election to be held on November 3,
16 2020.

17 Section 3. Be it further resolved that on the official ballot to be used at said election
18 there shall be printed a proposition, upon which the electors of the state shall be permitted
19 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
20 follows:

21 Do you support an amendment to reallocate severance tax revenue to
22 parishes in which the severance or production occurs and to require these
23 parishes to spend any excess severance tax allocation on transportation
24 projects within the parish?

25 (Amends Article VII, Section 4(D)(1), the introductory paragraph of (D)(4),
26 and (D)(4)(a))

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 | |
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Present constitution provides that 1/5 of the severance tax on all natural resources other than sulphur, lignite, or timber shall be remitted to the governing authority of the parish in which severance or production occurs. The initial maximum amount remitted to the parish in which severance or production occurs shall not exceed \$850,000.

Present constitution provides that the maximum amount remitted shall be increased each July first by an amount equal to the average annual increase in the Consumer Price Index for All Urban Consumers, as published by the U.S. Dept. of Labor, for the previous calendar year, as calculated and adopted by the Revenue Estimating Conference.

Proposed constitutional amendment retains the CPI increase provision.

Present constitution increases the maximum amount of severance tax on natural resources, other than sulphur, lignite, and timber, that is remitted to the parish governing authority where the severance occurs from \$850,000 to \$1,850,000 in the first fiscal year after collections exceed the collections in FY 2008-09 and to \$2,850,000 in all subsequent fiscal years. Further requires that at least 50% of the excess severance tax remitted to a parish in a fiscal year be used only within the parish for the same purposes as money received from the Parish Transportation Fund. The term "excess severance tax" shall mean the amount of severance tax remitted to a parish in excess of the amount of severance tax remitted to the parish in FY 2011-12.

Proposed constitutional amendment removes the FY 2008-09 collections trigger and changes the maximum amount of severance tax on natural resources, other than sulphur, lignite, and timber, that is remitted to the parish governing authority where the severance occurs from \$850,000 (\$1.06 million in FY 2019-20 after CPI adjustment) to \$2,850,000 beginning July 1, 2021. Further requires that 100% of the excess severance tax remitted to a parish in a fiscal year be used only within the parish for the same purposes as money received from the Parish Transportation Fund. The term "excess severance tax" shall mean the amount of severance tax remitted to a parish in excess of the amount of severance tax remitted to the parish for FY 2019-20.

Specifies submission of the amendment to the voters at the statewide election to be held on November 3, 2020.

(Amends Art. VII, §4(D)(1), (D)(4)(intro para), and (D)(4)(a))