SLS 18RS-438 ORIGINAL

2018 Regular Session

SENATE BILL NO. 328

BY SENATOR ALLAIN

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MINERALS. Provides that certain mineral royalties due to the state are not rent. (8/1/18)

AN ACT

2 To amend and reenact R.S. 31:123, relative to mineral royalties; to provide for what is rent; to provide that the in-kind royalty portion or monetary equivalent due to the state is 3 4 not rent; and to provide for related matters. 5 Be it enacted by the Legislature of Louisiana: Section 1. R.S. 31:123 is hereby amended and reenacted to read as follows: 6 7 §123. Rent and the obligation to make timely payment thereof 8 Payments to the lessor for the maintenance of a mineral lease without drilling 9 or mining operations or production or for the maintenance of a lease during the 10 presence on the lease or any land unitized therewith of a well capable of production

in paying quantities, and royalties paid to the lessor on production are rent. The

state's in-kind royalty portion or monetary equivalent is not rent. A mineral

lessee is obligated to make timely payment of rent according to the terms of the

contract or the custom of the mining industry in question if the contract is silent.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by J. W. Wiley.

DIGEST

SB 328 Original

2018 Regular Session

Allain

<u>Present law</u> provides that royalties paid to the state on production are rent.

<u>Proposed law</u> retains <u>present law</u> but exempts the state's in-kind royalty portion or monetary equivalent from what is rent.

Effective August 1, 2018.

(Amends R.S. 31:123)