

2017 Regular Session

SENATE BILL NO. 47

BY SENATOR GATTI

TAX/TAXATION. Reduces income tax rate on oil and gas bonus payments and oil and gas royalty payments to zero. (gov sig)

1 AN ACT

2 To enact R.S. 47:32(D), relative to state income taxes; to provide for the tax rate applicable  
3 to oil and gas lease bonus payments and royalty payments; and to provide for related  
4 matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:32(D) is hereby enacted to read as follows:

7 §32. Rates of tax

8 \* \* \*

9 **D. Income tax rate for oil and gas lease bonus and royalty payments.**

10 **(1) Notwithstanding any other provision of law to the contrary, the tax**  
11 **to be assessed, levied, collected, and paid upon the taxable income of an**  
12 **individual, estate, or trust on income from oil and gas lease bonus payments and**  
13 **oil and gas royalty payments shall be computed at the rate of zero percent.**

14 **(2) Notwithstanding any other provision of law to the contrary, the tax**  
15 **to be assessed, levied, collected, and paid upon the net income of a corporation**  
16 **on income from oil and gas lease bonus payments and oil and gas royalty**  
17 **payments shall be computed at the rate of zero percent.**

1                   **(3) Definitions. For purposes of this Subsection:**

2                   **(a) "Oil and gas lease bonus payment" means income paid by the lessee**  
3                   **for the execution of an oil or gas lease.**

4                   **(b) "Oil and gas royalty payment" means any income an individual or**  
5                   **corporation receives based on actual production from an oil or gas well.**

6                   Section 2. The provisions of this Act shall apply to all taxable periods beginning on  
7                   or after January 1, 2017.

8                   Section 3. This Act shall become effective upon signature by the governor or, if not  
9                   signed by the governor, upon expiration of the time for bills to become law without signature  
10                   by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
11                   vetoed by the governor and subsequently approved by the legislature, this Act shall become  
12                   effective on the day following such approval.

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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

SB 47 Original                                   2017 Regular Session                                   Gatti

Present law provides that personal income subject to taxation by the state is taxed under a graduated rate structure of two, four, and six percent.

Present law provides that the Louisiana income of corporations and entities taxed as corporations subject to taxation by the state is taxed under a graduated rate structure of four, five, six, seven, and eight percent.

Present law applies the graduated rate structure to all income subject to taxation by the state including income from oil and gas lease bonus and royalty payments.

Proposed law reduces the rate of tax for individuals and corporations on income from oil and gas lease bonus payments and oil and gas royalty payments to zero percent.

Applicable to taxable periods beginning on or after January 1, 2017.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 47:32(D))