Regular Session, 2006

HOUSE BILL NO. 714

BY REPRESENTATIVE GALLOT

TAX/SEVERANCE TAX: (Constitutional Amendment) Increases the general severance tax allocation to parishes

A JOINT RESOLUTION

Proposing to amend Article VII, Section 4(D) of the Constitution of Louisiana, to increase the maximum amount of the severance tax on certain natural resources which is remitted to parish governing authorities; to provide an effective date; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

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 of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 4(D) of the Constitution of Louisiana, to read as follows:

§4. Income Tax; Severance Tax; Political Subdivisions

Section 4.

* * *

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

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(2) Effective July 1, 1999, 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 hundred thousand dollars; one-fifth of the severance tax on all natural resources, other than sulphur, lignite, or timber, but not to exceed seven hundred fifty thousand dollars; and three-fourths of the timber severance tax shall be remitted to the governing authority of the parish in which severance or production occurs.

(3) Effective July 1, 2007, one-fifth 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 two million dollars. The maximum amount remitted shall be increased July first every five years beginning on July 1, 2012. The increase shall be determined by the Revenue Estimating Conference and shall be based upon the aggregate of the increase in the Consumer Price Index, or its successor, for the most recent five-year period for which such index is available.

* * *

Section 2. Be it further resolved that this proposed amendment shall be submitted to the electors of the state of Louisiana at the statewide election to be held on November 7, 2006.

Section 3. Be it further resolved that on the official ballot to be used at said election there shall be printed a proposition, upon which the electors of the state shall be permitted to vote FOR or AGAINST, to amend the Constitution of Louisiana, which proposition shall read as follows:

To increase the maximum amount of the severance tax imposed and collected by the state on natural resources, other than sulphur, lignite, and timber, which is remitted to the parish governing authority where the severance occurs from seven hundred fifty thousand dollars to two million dollars effective July 1, 2007, and provides that this maximum amount be increased

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to reflect the increase in the Consumer Price Index every five years beginning July 1, 2012. (Amends Article VII, Section 4(D))

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

Gallot HB No. 714

Abstract: Increases the maximum amount of the severance tax allocation for natural resources other than sulphur, lignite, and timber from $750,000 to $2 million to the parish in which natural resources are severed. Allows the maximum to be adjusted for inflation every five years beginning July 1, 2012.

Present constitution provides for the distribution of severance taxes levied and imposed by the state to each parish in which severance or production occurs as follows:

(1) 1/3 of sulphur severance tax, not to exceed $100,000.
(2) 1/3 of lignite severance tax, not to exceed $100,000.
(3) 3/4 of the timber severance tax.
(4) 1/5 of the severance tax on all natural resources, other than sulphur, lignite, or timber, not to exceed $750,000.

Proposed constitutional amendment retains present constitution severance allocations for sulphur, lignite, and timber. Increases the maximum allocation per parish for natural resources other than sulphur, lignite, or timber from $750,000 to $2 million effective July 1, 2007. Further provides for an increase in the maximum allocation per parish every five years to be determined by the Revenue Estimating Conference based on the increase in the Consumer Price Index.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 7, 2006.

(Amends Const. Art. VII, §4(D))

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