

Regular Session, 2006

HOUSE BILL NO. 714

BY REPRESENTATIVES GALLOT, BALDONE, CURTIS, FANNIN, HILL, KENNEY,
MONTGOMERY, ODINET, AND JANE SMITH

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

1 A JOINT RESOLUTION

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

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

11 §4. Income Tax; Severance Tax; Political Subdivisions

12 Section 4.

13 * * *

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

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

7 (3) Effective July 1, 2007, one-fifth of the severance tax on all natural
8 resources other than sulphur, lignite, or timber shall be remitted to the governing
9 authority of the parish in which severance or production occurs. The initial
10 maximum amount remitted to the parish in which severance or production occurs
11 shall not exceed eight hundred fifty thousand dollars. The maximum amount
12 remitted shall be increased each July first, beginning in 2008, by an amount equal to
13 the average annual increase in the Consumer Price Index for all urban consumers, as
14 published by the United States Department of Labor, for the previous calendar year,
15 as calculated and adopted by the Revenue Estimating Conference.

16 * * *

17 Section 2. Be it further resolved that this proposed amendment shall be submitted
18 to the electors of the state of Louisiana at the statewide election to be held on November 7,
19 2006.

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

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

- 1 amount be increased to reflect the increase in the Consumer Price Index
 2 beginning July 1, 2008. (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 \$850,000 to the parish in which natural resources are severed. Allows the maximum to be adjusted for inflation every July 1, beginning in 2008.

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 \$850,000 effective July 1, 2007. Further provides the maximum allocation shall be increased each July 1, beginning in 2008, by an amount equal to the average annual increase in the CPI 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.

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))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Increases maximum allocation for natural resources from \$750,000 to \$850,000.
2. Provides that increased maximum shall be adjusted each July 1, beginning in 2008, according to the annual increase in CPI as adopted by the Revenue Estimating Conference.