

## HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 765 by Representative Gallot

TAX/SEVERANCE TAX: (Constitutional Amendment) Decreases the general severance tax allocation to the state

### Synopsis of Senate Amendments

1. Deletes the two-year phase-in of the increase of the amount of severance taxes remitted to parish governing authorities.
2. Increases the amount of severance taxes remitted to parish governing authorities from \$850,000 to \$2,850,000 in any fiscal year in which the last official forecast occurring before the start of a fiscal year exceeds the actual amount of severance taxes collected in FY 2008-2009.
3. Deletes the automatic annual increase of the maximum amount of severance taxes in an amount equal to average annual increase in the Consumer Price Index under certain circumstances.
4. Adds provisions that, after certain allocations of severance tax are satisfied, in any year in which the official revenue forecast of the Revenue Estimating Conference estimates that severance taxes collected on certain natural resources exceeds severance taxes collected in FY 08-09, then an amount equal to 50% of the revenues received from severance taxes collected on state lands, not to exceed \$10 million, within the Atchafalaya Basin shall be deposited into the Atchafalaya Basin Conservation Fund.
5. Requires the money in the Atchafalaya Basin Conservation Fund to be used to fund projects contained in the state or federal Basin master plans or an annual Basin plan developed by certain advisory boards to be created by the legislature or to provide match for the Atchafalaya Basin Floodway System.
6. Requires 85% of the monies to be used for water management, water quality, or access projects within the Atchafalaya Basin, and the remaining 15% may be used to complete ongoing projects and for projects that are in accordance with the mission statement of the state master plan. A maximum of 5% of the money may be allocated for operational costs of the program or the department.
7. Prohibits the increased remittances of severance taxes and royalties from occurring before FY 2011-2012.
8. Provides relative to the ballot language.

### Digest of Bill as Finally Passed by Senate

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.

Proposed constitutional amendment provides that effective for any fiscal year in which the Revenue Estimating Conference estimates in the last official forecast occurring before the start of such fiscal year that severance tax collections on natural resources other than sulphur, lignite, or timber exceeds the actual amount of such severance taxes collected in Fiscal Year 2008-2009, then the maximum amount which shall be remitted to the parish in which

severance or production occurs is increased from \$850,000 to \$2,850,000 in that fiscal year.

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 the most recent fiscal year in which the increased remittance provided for in proposed constitutional amendment did not occur.

Present constitution provides that the maximum amount remitted shall be increased each July 1 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 changes the automatic CPI increase provision.

Proposed constitutional amendment provides that, after the allocations of severance tax to the parishes and to the Conservation Fund and the Coastal Protection and Restoration Fund have been satisfied, effective for any year in which the Revenue Estimating Conference, in its last official forecast beginning before the start of such fiscal year, estimates that the severance tax and royalties collected on natural resources other than sulphur, lignite, or timber will exceed such taxes collected in FY 08-09, then an amount equal to 50% of the revenues received from severance taxes collected on state lands, not to exceed \$10 million, within the Atchafalaya Basin is to be deposited into the Atchafalaya Basin Conservation Fund. The money in the fund must be appropriated to the Dept. of Natural Resources to be used exclusively to fund projects contained in the state or federal Basin master plans or an annual Basin plan developed by an Atchafalaya Basin Research and Promotion Board and such other advisory or approval boards which the legislature must create or provide for by law within the Atchafalaya Basin Program, or to provide match for the Atchafalaya Basin Floodway System, Louisiana Project, all as the secretary of the Department of Natural Resources shall direct.

Proposed constitutional amendment provides that 85% of the monies must be used for water management, water quality, or access projects within the Atchafalaya Basin, and the remaining 15% may be used to complete ongoing projects and for projects that are in accordance with the mission statement of the state master plan. A maximum of 5% of the money may be allocated for operational costs of the program or the department.

Proposed constitutional amendment provides that the increased remittances of severance taxes and royalties shall not occur before Fiscal Year 2011-2012.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 2, 2010.

(Amends Const. Art. VII, §4(D)(3); adds Const. Art. VII, Section 4(D)(4))