

## CONFERENCE COMMITTEE REPORT DIGEST

House Bill No. 765 by Representative Gallot

Digest of Bill as Finally Passed by the House

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 increases the maximum amount of severance tax on natural resources, other than sulphur, lignite, and timber, which is remitted to the parish governing authority where the severance occurs from \$850,000 to \$1,850,000 in FY 2011-2012 and to \$2,850,000 in FY 2012-2013. 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 for the fiscal year prior to July 1, 2011.

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 retains the CPI increase provision.

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))

Summary of Amendments Adopted by the Senate

Senate Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the Re-Reengrossed Bill.

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 parishes 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 per 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. Provides for required uses of monies appropriated from the Atchafalaya Basin Conservation Fund, specifically relative to projects contained in the state or

federal Basin master plans or an annual Basin plan or match for the Atchafalaya Basin Floodway System. Requires 85% of the monies to be used for water management, water quality, or access projects within the Atchafalaya Basin. A maximum of 5% may be used for operational costs.

6. Prohibits the increased remittances of severance taxes and royalties from occurring before FY 2011-2012.

Senate Floor Amendments to the Re-Reengrossed Bill.

1. Technical amendments.

Digest of Bill as Proposed by Conference Committee

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 retains present constitution and provides that effective April 2, 2012, the provisions of proposed constitutional amendment shall be implemented if and when the last official forecast for a fiscal year which is adopted before the start of such fiscal year contains an estimate of severance tax collections on natural resources other than sulphur, lignite, or timber that exceeds the actual amount of such severance taxes collected in Fiscal Year 2008-2009, then the following change in allocation to parishes and deposit into the Atchafalaya Basin Conservation Fund shall occur.

- (1) In the first year of implementation, the maximum amount which shall be remitted to the parish in which severance or production occurs is increased from \$850,000 to \$1, 850,000. In the following year, and all fiscal years thereafter, the limit shall be \$2,850,000 per fiscal year.
- (2) 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 Fiscal Year 2011-2012.
- (3) Provides that, after the allocations of severance tax to the Bond Security and Redemption Fund, the parishes, the Conservation Fund and the Coastal Protection and Restoration Fund have been satisfied, an amount equal to 50% of the revenues received from severance taxes collected on state lands within the Atchafalaya Basin, not to exceed \$10 million, is to be deposited into the Atchafalaya Basin Conservation Fund. The money in the fund shall be used exclusively to fund projects contained in the state or federal Basin master plans or an annual Basin plan or to provide match for the Atchafalaya Basin Floodway System, Louisiana Project. Each year's plan for expenditure of monies appropriated from the fund shall be subject to the approval of the appropriate standing committees of the legislature.

Proposed constitutional amendment further provides that with respect to monies appropriated from the fund, at least 85% 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. No more than 5% may be allocated for operational costs.

Present constitution provides that the maximum amount remitted to the parishes 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.

Proposed constitution retains present constitution regarding the CPI increase.

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

Effective April 1, 2012.

(Adds Const. Art. VII, §4(D)(4))