

2015 Regular Session

HOUSE BILL NO. 101

BY REPRESENTATIVE RITCHIE

TAX/SEVERANCE-EXEMPTION: Reduces the severance tax exemption for certain horizontally drilled wells

1 AN ACT

2 To amend and reenact R.S. 47:633(7)(c)(iii)(introductory paragraph), relative to severance  
3 tax; to provide with respect to the tax on production from certain horizontally drilled  
4 wells; to reduce the exemption for certain horizontally drilled wells; to provide for  
5 applicability of the exemption; to provide for effectiveness; and to provide for  
6 related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:633(7)(c)(iii)(introductory paragraph) is hereby amended and  
9 reenacted to read as follows:

10 §633. Rates of tax

11 The taxes on natural resources severed from the soil or water levied by R.S.  
12 47:631 shall be predicated on the quantity or value of the products or resources  
13 severed and shall be paid at the following rates:

14 \* \* \*

15 (7)

16 \* \* \*

17 (c)

18 \* \* \*

19 (iii) ~~All severance tax shall be suspended;~~ On oil and natural gas produced  
20 from a horizontally drilled well or horizontally drilled recompletion well, the tax rate

1 applicable to production from such well shall be twenty-five percent of the rate set  
2 forth in this Paragraph for a period of twenty-four months or until payout of the well  
3 cost is achieved, whichever comes first, ~~on any horizontally drilled well, or, on any~~  
4 ~~horizontally drilled recompletion well~~, from which production commences after July  
5 31, 1994.

6 \* \* \*

7 Section 2. The provisions of this Act shall become effective on July 1, 2015, and be  
8 applicable for taxable periods beginning on and after July 1, 2015.

---

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

---

HB 101 Original

2015 Regular Session

Ritchie

**Abstract:** Reduces the severance tax "exemption" for production of oil and natural gas from horizontally drilled wells and horizontally drilled recompletion wells from 100% to 75%.

Present law imposes a tax on natural resources severed from the soil or water based upon quantity or value of the products or resources severed.

Present law establishes a severance tax rate for oil at 12.5% of value.

Present law establishes a severance tax rate for natural gas at a minimum of 7¢ per 1,000 cubic feet, which rate is subject to an annual rate adjustment based on the prior year's price of natural gas.

Present law suspends the levy of 100% of the severance tax on production from a horizontally drilled well or horizontally drilled recompletion well for a period of 24 months or until payout of the well cost is achieved, whichever comes first.

Proposed law changes present law for the suspension of severance taxes on production from horizontally drilled wells and recompletion wells, by reducing the "exemption" from 100% to 75%.

Effective July 1, 2015 and applicable for taxable periods beginning on and after that date.

(Amends R.S. 47:633(7)(c)(iii)(intro. para.))