HLS 17RS-707 ENGROSSED

2017 Regular Session

HOUSE BILL NO. 98

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follows:

BY REPRESENTATIVE BISHOP

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

ENERGY/OIL & GAS: Repeals the provision tying the Oil Field Site Restoration Fund fee to the payment of severance tax

1 AN ACT

To amend and reenact R.S. 30:87(A), (B), and (F) and to repeal R.S. 30:87(D), relative to oilfield site restoration fees; to provide relative to the applicability of the fees; to remove certain references; to repeal the provision that oilfield site restoration fees are proportional to severance tax collected on the production of the well; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 30:87(A), (B), and (F) are hereby amended and reenacted to read as

10 §87. Oilfield site restoration fees

A. There is hereby imposed on crude petroleum produced from producing wells in this state a fee on each barrel of oil and condensate. "Oil" and "condensate" shall mean the same such oil and condensate as is taxable under the provisions of Part I of Chapter 6 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950. The fee is in addition to any tax imposed pursuant to the Louisiana Revised Statutes of 1950, Title 47. The provisions of Chapters 17 and 18 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950 shall apply to the administration, collection, and enforcement of the fee imposed herein, and the penalties provided by that code shall apply to any person who fails to pay or report the fee. Collection of the fee shall be suspended in the manner provided by R.S. 30:86(C). Proceeds from the fee, including any penalties collected in connection with the fee, shall be deposited into the Oilfield Site Restoration Fund.

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B. There is hereby imposed on gas produced from producing wells in this state a fee in the amount of three-tenths of one cent for each thousand cubic feet. "Gas" shall mean the same such gas as is taxable under the provisions of Part I of Chapter 6 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950. The fee is in addition to any tax imposed pursuant to the Louisiana Revised Statutes of 1950, Title 47. The provisions of the Louisiana Tax Code shall apply to the administration, collection, and enforcement of the fee, and the penalties provided by that code shall apply to any person who fails to pay or report the fee. Collection of the fee shall be suspended in the manner provided by R.S. 30:86(C). Proceeds from the fee, including any penalties collected in connection with the fee, shall be deposited into the Oilfield Site Restoration Fund. F. The site restoration fee shall be the following: (1)(a) Full rate production, which shall include all production from oil or gas wells except for production from reduced rate production wells as set forth in R.S. 47:633(7): For crude oil and condensate, the fee shall be based on the oil price on July first of each year for the ensuing twelve months based upon the average New York Mercantile Exchange Price per barrel of crude oil per month on the close of business on June thirtieth for the prior twelve months. The amount of the fee for a well that produces crude oil and condensate shall be as follows: Section 2. R.S. 30:87(D) is hereby repealed in its entirety.

DIGEST

Section 3. The provisions of this Act shall become effective on July 1, 2017.

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)]

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2017 Regular Session

Bishop

Abstract: Repeals the provision that oilfield site restoration fees are proportional to severance tax collected on the production of the well.

<u>Present law</u> imposes a set fee on the production of oil, condensate, and gas that is in addition to any severance taxes imposed on such production. The proceeds of the fee are to be used

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for the oilfield site restoration program in the Dept. of Natural Resources. <u>Present law</u> provides that the fee for oil and condensate is based on the price on July 1st of each year as follows:

- (1) If the price of oil and condensate is at or below \$60/barrel, the fee is 1 and ½ cents/barrel.
- (2) If the price of oil and condensate is between \$60 and \$90/barrel, the fee is 3 cents/barrel.
- (3) If the price of oil and condensate is above \$90/barrel, the fee is 4 and ½ cents/barrel.

In addition, <u>present law</u> sets the fee for natural gas and casing head gas at 3/10ths of one cent/thousand cubic feet.

<u>Proposed law</u> removes certain citations to other laws without repealing those provisions. <u>Proposed law</u> also specifies that the full production rate fee is assessed for all production from oil and gas wells except for production from those that are identified as reduced rate production wells.

<u>Present law</u> further provides that for reduced rate production wells such as stripper wells and incapable wells, the oilfield site restoration fee is reduced by the same proportion as the severance tax reduction provided by statute.

<u>Present law</u> provides that the fees are to be in proportion to the amount of severance tax collected on the well. Proposed law repeals this provision.

Effective July 1, 2017.

(Amends R.S. 30:87(A), (B), and (F); Repeals R.S. 30:87(D))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Natural Resources and Environment</u> to the <u>original</u> bill:

- 1. Remove certain citations to other laws without repealing those provisions.
- 2. Specify that the full production rate fee is assessed on all production from oil and gas wells except for production from those that are identified as reduced rate production wells.