

2018 Second Extraordinary Session

SENATE CONCURRENT RESOLUTION NO. 9

BY SENATOR MORRELL

TAX/ENERGY. Requests the Louisiana State University Center for Energy Studies, Louisiana State University Public Administration Institute, and the Louisiana Tax Institute to analyze mineral revenues, taxes, and exemptions and submit a written report of its findings to the legislature.

1 A CONCURRENT RESOLUTION

2 To urge and request the Louisiana State University Center for Energy Studies (LSU CES),
3 the Louisiana State University Public Administration Institute (LSU PAI), and the
4 Louisiana Tax Institute to analyze mineral revenues, taxes, and exemptions in
5 Louisiana and to submit a written report of its findings to the legislature.

6 WHEREAS, in 2015, a team of economists, led by Dr. James A. Richardson of LSU
7 PAI, presented comprehensive and overarching recommendations on Louisiana tax policies;
8 and

9 WHEREAS, a book entitled *Exploring Long-Term Solutions for Louisiana's Tax*
10 *System*, authored by James A. Richardson, Steve M. Sheffrin, and James Alm will be
11 published in fall of 2018; and

12 WHEREAS, the chapter entitled Mineral Revenues in Louisiana, written by Greg
13 Upton, a professor at LSU CES, presents an analysis of Louisiana's mineral tax laws and
14 makes specific recommendations; and

15 WHEREAS, Louisiana has a twelve and one-half percent tax on oil with adjustments
16 for low-producing wells and a tax on natural gas that amounts to approximately a four
17 percent tax on natural gas per one thousand cubic feet; and

18 WHEREAS, horizontal wells are exempt from severance tax for two years or until

1 well payout, whichever occurs first, while conventional or vertically-drilled wells do not
2 receive this exemption; and

3 WHEREAS, the Louisiana Mineral Law Institute at Louisiana State University Paul
4 M. Hebert Law Center, the LSU CES, and the LSU PAI are valuable sources of information
5 and knowledge regarding oil and gas law, and economic and political matters; and

6 WHEREAS, various members of the Louisiana Tax Institute, the LSU CES, and the
7 LSU PAI have substantial expertise in state tax law, as well as oil and gas law matters.

8 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
9 urge and request the LSU CES, LSU PAI, and the Louisiana Tax Institute, in consultation
10 with the director of the Louisiana Mineral Law Institute, to analyze the mineral tax laws in
11 Louisiana and make specific recommendations to the legislature while balancing the
12 following goals:

13 (1) Preserve or improve the competitiveness of the oil and gas extraction sector in
14 Louisiana.

15 (2) Decrease or remove the difference in tax rates for oil and gas.

16 (3) Create an equitable system of severance tax exemptions for all wells, not just
17 horizontal wells.

18 (4) Hold constant or increase mineral revenues for the state.

19 (5) Explore other reasons why oil and gas production is fluctuating in the state of
20 Louisiana and any changes that need to be made to increase production.

21 BE IT FURTHER RESOLVED that reports of the specific recommendations shall
22 be submitted to the Senate Committee on Revenue and Fiscal Affairs and the House
23 Committee on Ways and Means on the following timeline:

24 (1) A preliminary status report no later than February 1, 2019.

25 (2) A final written report of recommendations no later than February 1, 2020.

26 (3) Specific bills implementing these recommendations no later than February 1,
27 2021.

28 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
29 executive director of the LSU Center for Energy Studies, the director of the LSU Public
30 Administration Institute, the director of the Louisiana Mineral Law Institute, and the chair

1 of the board of the Louisiana Tax Institute.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SCR 9 Engrossed

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Requests the LSU Center for Energy Studies, the LSU Public Administration Institute, and the Louisiana Tax Institute to analyze mineral revenues, taxes, and exemptions in Louisiana and to submit a written report of its findings to the legislature.