

## SENATE SUMMARY OF HOUSE AMENDMENTS

SB 159

2019 Regular Session

Donahue

**KEYWORD AND SUMMARY AS RETURNED TO THE SENATE**

LEGISLATIVE AUDITOR. Provide for review and reports on cost recovery budget request forms completed by certain budget units. (see Act)

**SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL**

1. Replaces reference in proposed law to Act 1001 of the 2010 R.S. with a reference to R.S. 39:32.
2. Provides exemption from severance taxes for certain stripper wells if the average value of oil produced is less than a certain amount as determined by the legislative auditor on a quarterly basis.
3. Proposed law not take effect unless Act which originated as HB 188 of the 2019 R.S. is enacted and becomes law.

**DIGEST OF THE SENATE BILL AS RETURNED TO THE SENATE**

## DIGEST

SB 159 Engrossed

2019 Regular Session

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Present law (R.S. 39:32) requires the division of administration to develop a "cost recovery" budget request form to be completed by each budget unit in the executive branch of state government, except those in higher education agencies in which case the Bd. of Regents is required to develop the form.

Present law provides that the form shall require the budget unit to:

- (1) List all fees authorized for collection by the budget unit that are requested to be appropriated in the General Appropriation Bill as part of the unit's operating budget.
- (2) Report the prior fiscal year's actual revenue generated from fees as well as actual expenditures associated with providing the service or performing the activity; report the current fiscal year's budget authority and anticipated expenditures; and report the next fiscal year's requested budget authority and projected expenditures.
- (3) Provide a summary description of the service or activity funded by the fee and the legal authority for the fee.
- (4) Include performance indicator data associated with the service or activity.
- (5) Provide historical data on revenue generated and expenditures.
- (6) Provide a recommendation on apportionment of funding between the state and the particular user group.

Present law (R.S. 24:513) requires the legislative auditor to conduct a performance audit on each statutory dedication that includes a fee for service at least once every four years to determine if the fees are adequate to cover the costs associated with the service.

Proposed law instead requires the legislative auditor to review the cost recovery budget request forms completed for each budget unit in the executive branch of state government as provided in present law (R.S. 39:32) at least once every four years to determine if the fees are adequate to cover the costs associated with the service. Requires the legislative auditor to report his findings to the Joint Legislative Committee on the Budget.

Proposed law exempts certain stripper wells if the oil produced has an average value of less than \$20/barrel provided all required reports have been timely submitted to the auditor verifying that the well did not produce an average of more than ten barrels of oil per day during the entire calendar month. Requires that the legislative auditor determine on a quarterly basis, the oil value upon which the exemption of a certified stripper well shall be based which determination is to be based upon the average New York Mercantile Exchange Price per barrel of oil per month for the prior three months.

Proposed law exempts certain stripper wells from severance taxes beginning on July 1, 2020, and continuing through December 31, 2029, if oil produced from a certified stripper during any month is less than \$75/barrel provided all required reports have been timely submitted to the auditor verifying that the well did not produce an average of more than ten barrels per day during the entire calendar month. Provides for determination by the legislative auditor on a quarterly basis, the oil value upon which the exemption of a certified stripper well shall be based which determination is to be based upon the average New York Mercantile Exchange Price per barrel of oil per month for the prior three months.

Proposed law notwithstanding the severance tax rates on natural resources, the tax rate applicable to oil produced from a well in a stripper field classified by the commissioner of conservation as a mining and horizontal drilling project which utilizes gravity drainage to a collection point in a downhole operations room, shall be one-quarter of the rate when the average value of oil produced from a certified stripper well is less than \$20/barrel provided the well has been classified by the commissioner as a mining and horizontal drilling project before the lower rate is claimed on a tax return.

Proposed law does not take effect unless the Act which originated as HB 188 of the 2019 R.S. is enacted and becomes law.

(Amends R.S. 24:513(D)(4)(b); adds R.S. 24:513(D)(4)(c) through (e))

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