

ACT No. 295

2025 Regular Session

HOUSE BILL NO. 600

BY REPRESENTATIVE GEYMANN

1 AN ACT

2 To amend and reenact R.S. 47:633(7)(a), (b), and (c)(i)(aa), (ii)(aa), and (iv)(aa) and (bb),
3 relative to severance tax; to provide for rates of the severance tax on oil; to provide
4 for severance tax on oil produced from certain types of wells; to provide for
5 applicability; to provide for effectiveness; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:633(7)(a), (b), and (c)(i)(aa), (ii)(aa), and (iv)(aa) and (bb) are
8 hereby amended and reenacted to read as follows:

9 §633. Rates of tax

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

13 * * *

14 (7)(a) On oil produced from a well completed before July 1, 2025, the rate
15 of tax shall be twelve and one-half ~~percentum~~ percent of its value at the time and
16 place of severance. On oil produced from a well completed on or after July 1, 2025,
17 the rate of tax shall be six and one-half percent of its value at the time and place of
18 severance. ~~Such~~ For purposes of this Paragraph, the value of oil shall be the higher
19 of (1) the gross receipts received from the first purchaser, less charges for trucking,
20 barging and pipeline fees, or (2) the posted field price. In the absence of an arms
21 length transaction or a posted field price, the value shall be the severer's gross
22 income from the property as determined by R.S. 47:158(C).

1 (b) On oil produced from a well classified by the commissioner of
2 conservation as an oil well, and determined by the ~~collector of revenue~~ secretary of
3 the Department of Revenue that such well is incapable of producing an average of
4 more than twenty-five barrels of oil per producing day during the entire taxable
5 month, and which also produces at least fifty percent salt water per day, the ~~tax rate~~
6 ~~applicable to the oil severed from such well shall be one-half of the rate set forth in~~
7 ~~Subparagraph (a) of this Paragraph~~ rate of tax shall be six and one-fourth percent of
8 its value at the time and place of severance and such well shall be defined, for
9 severance tax purposes, as an incapable well, provided that ~~such~~ the well has been
10 certified by the Department of Revenue as incapable of such production on or before
11 the twenty-fifth day of the second month following the month of production. Oil
12 severed from a ~~multiple well~~ multiple-well lease or property ~~is not~~ shall not be
13 subject to the reduced rate of tax provided for ~~herein~~, in this Subparagraph unless all
14 ~~such~~ wells on the lease or property are certified as incapable.

15 (c)(i)(aa) On oil produced from a well classified by the commissioner of
16 conservation as an oil well, and certified by the Department of Revenue that such
17 well is incapable of producing an average of more than ten barrels of oil per
18 producing day during the entire taxable month, the ~~tax rate applicable to the oil~~
19 ~~severed from such well shall be one-quarter of the rate set forth in Subparagraph (a)~~
20 ~~of this Paragraph~~ rate of tax shall be three and one hundred twenty-five thousandths
21 percent of its value at the time and place of severance and such well shall be defined,
22 for severance tax purposes, as a stripper well, provided that ~~such~~ the well has been
23 certified by the Department of Revenue as a stripper well on or before the
24 twenty-fifth day of the second month following the month of production. Once a
25 well has been certified and determined to be incapable of producing an average of
26 more than ten barrels of oil per producing day during an entire month, ~~such stripper~~
27 that well shall remain certified as a stripper well until ~~the well~~ it produces an average
28 of more than ten barrels of oil per day during an entire calendar month.

29 * * *

1 (ii)(aa) On oil produced from a well in a stripper field classified by the
2 commissioner of conservation as a mining and horizontal drilling project which
3 utilizes gravity drainage to a collection point in a downhole operations room, the ~~tax~~
4 ~~rate applicable to the oil severed from such well shall be one-quarter of the rate set~~
5 ~~forth in Subparagraph (a) of this Paragraph (7)~~ rate of tax shall be three and one
6 hundred twenty-five thousandths percent of its value at the time and place of
7 severance; provided that ~~such~~ the well has been classified by the commissioner as
8 a mining and horizontal drilling project before the lower rate is claimed on a tax
9 return.

10 * * *

11 (iv)(aa) Production from an oil or gas well subsequent to the well's having
12 been inactive for two or more years or having thirty days or less of production during
13 the past two years shall, in the case of oil, be subject to a severance tax rate ~~equal to~~
14 ~~twenty-five percent of the rate imposed under this Paragraph or~~ of three and one
15 hundred twenty-five thousandths percent of its value at the time and place of
16 severance and, in the case of gas, be subject to a severance tax rate equal to
17 twenty-five percent of the rate imposed by Paragraph (9) of this Section for a period
18 of ten years if the production commences before October 1, 2028. Production from
19 an oil or gas well subsequent to the well's having been designated as an orphan well
20 for longer than sixty months shall, in the case of oil, be subject to a severance tax
21 ~~rate equal to twelve and one half percent of the rate imposed under this Paragraph~~
22 ~~or~~ of one and five hundred sixty-five thousandths percent of its value at the time and
23 place of severance and, in the case of gas, be subject to a severance tax rate equal to
24 twelve and one half percent of the rate imposed by Paragraph (9) of this Section for
25 a period of ten years if the production commences before October 1, 2028.

26 (bb) Production from an oil or gas well subsequent to the well's having been
27 inactive for two or more years or having thirty days or less of production during the
28 past two years shall, in the case of oil, be subject to a severance tax rate ~~equal to fifty~~
29 ~~percent of the rate imposed under this Paragraph or~~ of six and one-fourth percent of
30 its value at the time and place of severance and, in the case of gas, be subject to a

severance tax rate equal to fifty percent of the rate imposed by Paragraph (9) of this
Section for a period of ten years if the production commences on or after October 1,
2028. Production from an oil or gas well subsequent to the well's having been
designated as an orphan well for longer than sixty months shall, in the case of oil, be
subject to a severance tax rate equal to twenty-five percent of the rate imposed under
this Paragraph or of three and one hundred twenty-five thousandths percent of its
value at the time and place of severance and, in the case of gas, be subject to a
severance tax rate equal to twenty-five percent of the rate imposed by Paragraph (9)
of this Section for a period of ten years if the production commences on or after
October 1, 2028.

* * *

Section 2. The provisions of this Act shall apply to taxable periods beginning on or after July 1, 2025.

Section 3. This Act shall take effect and become operative if and when the Act which originated as House Bill No. 495 of this 2025 Regular Session of the Legislature is enacted and becomes effective.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____