

RÉSUMÉ DIGEST

ACT 295 (HB 600)

2025 Regular Session

Geymann

Existing law provides for the levy of a tax, known as severance tax, on natural resources severed from the soil or water. Provides that the rate of severance tax is predicated on the quantity or value of the products or resources severed. Establishes severance tax rates on resources subject to the tax.

Prior law provided that the severance tax on oil produced from wells completed before July 1, 2025, was 12.5% of its value at the time and place of severance.

New law reduces the severance tax for newly produced oil by establishing a severance tax rate of 6.5% of value on oil produced from wells completed on or after July 1, 2025.

Existing law provides that special severance tax rates apply to oil produced from wells designated as incapable wells, stripper wells, inactive wells, and orphan wells pursuant to existing law.

New law changes the special rate on oil produced from incapable wells from one-half of the applicable regular rate to a fixed percentage of 6.25% of value.

New law changes the special rate on oil produced from stripper wells from one-fourth of the applicable regular rate to a fixed percentage of 3.125% of value.

New law changes the special rate on oil produced from inactive wells from one-half or one-quarter of the applicable regular rate, depending on when the oil was produced, to a fixed percentage of 6.25% or 3.125% of value, depending on when the oil was produced.

New law changes the special rate on oil produced from orphan wells from one-fourth or one-eighth of the applicable regular rate, depending on when the oil was produced, to a fixed percentage of 3.125% or 1.565% of value, depending on when the oil was produced.

New law applies to taxable periods beginning on or after July 1, 2025.

Effective July 1, 2025.

(Amends R.S. 47:633(7)(a), (b), and (c)(i)(aa), (ii)(aa), and (iv)(aa) and (bb))