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## DIGEST

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HB 602 Original

2026 Regular Session

Bamburg

**Abstract:** Increases the maximum annual amount of state severance taxes that may be remitted to a parish in which the severance or production occurs over a five-year period from \$850,000 adjusted annually for inflation to \$15M, to be adjusted annually for inflation beginning in 2032.

Present constitution requires 20% of the state severance tax on natural resources other than sulphur, lignite, or timber to be remitted to the governing authority of the parish in which severance or production occurs. Present constitution limits the maximum annual amount of severance tax revenue that may be remitted to a parish to \$850,000; however, beginning July 1, 2008, this amount is required to be adjusted for inflation by an amount equal to the average annual increase in the Consumer Price Index (CPI). The inflation-adjusted maximum amount for Fiscal Year (FY) 2024-2025 is \$1,327,391.

Proposed constitutional amendment increases the maximum annual amount that may be remitted to a parish in which severance or production occurs as follows:

- (1) For FY 2026-2027, the maximum amount shall be \$3M.
- (2) For FY 2027-2028, the maximum amount shall be \$6M.
- (3) For FY 2028-2029, the maximum amount shall be \$9M.
- (4) For FY 2029-2030, the maximum amount shall be \$12M.
- (5) For FY 2030-2031, and thereafter, the maximum amount shall not exceed \$15M. However, beginning July 1, 2032, the maximum annual amount shall be increased each July first by an amount equal to the average annual increase in the CPI.

Present constitution provides for increasing state severance tax revenue amounts remitted to parishes if certain conditions are met. Provides for a schedule of increases to be implemented if and when the official forecast of severance tax revenues for a FY exceeds actual severance tax collections from FY 2008-2009. Provides further for the expenditure by parishes of certain amounts remitted in accordance with this schedule.

Proposed constitutional amendment repeals present constitution.

Proposed constitutional amendment becomes effective Jan. 1, 2027.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 3, 2026.

(Amends Const. Art. VII, §4(D)(3); Repeals Const. Art. VII, §4(D)(4))