

Regular Session, 2014

HOUSE CONCURRENT RESOLUTION NO. 111

BY REPRESENTATIVE HARRISON

TAX/SEVERANCE TAX: Directs the legislative auditor to conduct annual audits of severance tax payments and directs the Department of Revenue to establish procedures to verify self-reported information regarding severance taxes

1 A CONCURRENT RESOLUTION

2 To authorize and direct the Louisiana Legislative Auditor to conduct annual audits of
3 severance tax payments and to authorize and direct the Department of Revenue to
4 develop, implement, and maintain a procedure to verify the accuracy of the data that
5 companies self-report regarding the amount of severance taxes they owe.

6 WHEREAS, a recent performance audit by the Louisiana Legislative Auditor found
7 that severance taxes owed to the state but not paid, in an amount that could not be
8 determined, may have gone undetected by the Department of Revenue over the past three
9 years; and

10 WHEREAS, the amount of unpaid severance taxes identified through field audits
11 decreased by 99.8% from \$26 million in fiscal year 2010 to \$40,729 in fiscal year 2012 as
12 a result of changes in audit procedures; and

13 WHEREAS, the legislative auditor's performance audit found that the Department
14 of Revenue's review of severance tax refund requests is inadequate and that the department
15 does not adequately verify the accuracy of the data companies self-report regarding the
16 amount of severance taxes they owe to the state and its citizens; and

17 WHEREAS, severance taxes are the legal manifestation of the limited claim of every
18 Louisiana citizen on the mineral wealth of the state, and as such, payment of severance taxes
19 is separate from and should not be confused with the oil and gas industry's obligation to pay
20 for the repair of damages to and restoration of Louisiana's coast, and taxpayers should not
21 have to pay for such restoration with severance tax proceeds because severance taxes are
22 levied on profits generated by extracting the state's natural resources; and

1 WHEREAS, the state has severely cut funding for education, health care, and other
2 programs that assist citizens because of inadequate revenue, and it is in need of the
3 additional revenue that is not being collected due to inadequate monitoring of severance
4 taxes.

5 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
6 authorize and direct the Louisiana Legislative Auditor to conduct annual audits of oil and
7 gas severance tax payments to ensure that the state receives complete, accurate, and timely
8 severance tax payments and to conduct such audits of severance tax payments for the past
9 five years.

10 BE IT FURTHER RESOLVED that the annual audits shall be completed by the last
11 day in October so that additional revenue discovered can be considered by the Revenue
12 Estimating Conference.

13 BE IT FURTHER RESOLVED that the Department of Revenue is hereby authorized
14 and directed to develop, implement, and maintain a procedure to verify the accuracy of the
15 data that companies self-report regarding the amount of severance taxes they owe to the state
16 and its citizens.

17 BE IT FURTHER RESOLVED that the Legislature of Louisiana hereby finds that
18 severance tax payments are independently owed to the state and its citizens and do not
19 diminish the responsibility of oil and gas companies to pay for coastal restoration or repair
20 of damages.

21 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
22 Louisiana Legislative Auditor and the secretary of the Louisiana Department of Revenue.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Harrison

HCR No. 111

Directs the La. Legislative Auditor to conduct annual audits of severance tax reports and authorizes and directs the Dept. of Revenue to implement a procedure to verify self-reported severance tax information. Finds that severance tax payments do not diminish responsibility to pay for coastal restoration and damage repair.