
DIGEST

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HB 256 Original

2019 Regular Session

Jim Morris

Abstract: Establishes a severance tax exemption, effective July 1, 2019-June 30, 2029, for oil produced from incapable wells when the average price of oil is less than \$75 per barrel.

Present law imposes a tax on natural resources severed from the soil or water based upon quantity or value of the products or resources severed.

Present law establishes a severance tax on oil at a rate of 12.5% of its value at the time and place of severance. The value is determined to be the higher of: (1) gross receipts received from the first purchaser, less charges for trucking, barging and pipeline fees, or (2) the posted field price.

Present law defines incapable well as an oil well that is incapable of producing an average of more than 25 barrels of oil per day and that produces at least 25% salt water per day.

Present law establishes a severance tax rate on oil produced from incapable wells at 6.25%.

Proposed law retains present law. However, beginning July 1, 2019-June 30, 2029, proposed law provides an exemption from severance taxes on oil produced from incapable wells when the average value of oil is less than \$75 per barrel.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:633(7)(b))