SLS 22RS-178 ORIGINAL

2022 Regular Session

SENATE BILL NO. 49

BY SENATOR WARD

TAX/TAXATION. Constitutional amendment to reallocate severance tax to parishes for Parish Transportation Funds. (2/3 - CA13s1(A))

A JOINT RESOLUTION 1 2 Proposing to amend Article VII, Section 4(D) of the Constitution of Louisiana, relative to 3 the allocation of severance tax to parishes; to reallocate severance tax to the parishes; to provide relative to the use of a portion of the severance tax allocation for parish 4 5 transportation projects; and to specify an election for submission of the proposition 6 to electors and to provide a ballot proposition. Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members 8 elected to each house concurring, that there shall be submitted to the electors of the state, for 9 their approval or rejection in the manner provided by law, a proposal to amend Article VII, 10 Section 4(D) of the Constitution of Louisiana, to read as follows: 11 §4. Income Tax; Severance Tax; Political Subdivisions 12 13 (D)(1) Severance Tax Allocation. One-third of the sulphur severance tax, but not to exceed one hundred 14 15 thousand dollars; one-third of the lignite severance tax, but not to exceed one hundred thousand dollars; one-fifth of the severance tax on all natural resources, 16 17 other than sulphur, lignite, or timber, but not to exceed five hundred thousand

dollars; and three-fourths of the timber severance tax shall be remitted to the governing authority of the parish in which severance or production occurs.

(2) (1) Effective July 1, 1999, one-third of the sulphur severance tax, but not to exceed one hundred thousand dollars; one-third of the lignite severance tax, but not to exceed one hundred thousand dollars; one-fifth of the severance tax on all natural resources, other than sulphur, lignite, or timber, but not to exceed seven hundred fifty thousand dollars; and three-fourths of the timber severance tax shall be remitted to the governing authority of the parish in which severance or production occurs.

(3) (2) Effective July 1, 2007, one-fifth of the severance tax on all natural resources other than sulphur, lignite, or timber shall be remitted to the governing authority of the parish in which severance or production occurs. The initial maximum amount remitted to the parish in which severance or production occurs shall not exceed eight hundred fifty thousand dollars. The maximum amount remitted shall be increased each July first, beginning in 2008, by an amount equal to the average annual increase in the Consumer Price Index for all urban consumers, as published by the United States Department of Labor, for the previous calendar year, as calculated and adopted by the Revenue Estimating Conference.

(4) Effective April 1, 2012 the provisions of this Subparagraph shall be implemented if and when the last official forecast of revenues adopted for a fiscal year before the start of that fiscal year contains an estimate of severance tax revenues derived from natural resources other than sulphur, lignite, or timber in an amount which exceeds the actual severance tax revenues from such natural resources collected in Fiscal Year 2008-2009. Upon the adoption of such official forecast, the Revenue Estimating Conference shall certify that the requirements for the implementation of the provisions contained in this Subparagraph have been met. In such event, the following distributions and allocations of severance tax revenues and other revenues provided in this Subparagraph shall be effective and implemented for the fiscal year for which the official forecast was adopted, and each year thereafter.

ORIGINAL The legislature shall provide by law for the administrative procedures necessary to

year basis.

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(a)(3) Remittance to parishes of severance tax on all natural resources other than sulphur, lignite, or timber.

change the severance tax allocation to parishes from a calendar year basis to a fiscal

(i) In the first fiscal year of implementation of this Subparagraph, (a) Beginning July 1, 2023, the maximum amount of severance tax on all natural resources other than sulphur, lignite, or timber which that is remitted to the parish in which severance or production occurs shall not exceed one million eight hundred fifty thousand dollars. For all subsequent fiscal years, the maximum amount remitted to a parish shall not exceed be the lesser of two million eight hundred fifty thousand dollars or the total severance tax on all natural resources other than sulphur, lignite, or timber attributable to severance or production within that parish. The treasurer shall implement any procedures necessary to change the severance tax allocation to parishes from a calendar year basis to a fiscal year basis.

(ii) On (b) Beginning in Fiscal Year 2024-2025, on July first of each year the maximum amount remitted to the parish in which severance or production occurs, as provided in this Subparagraph, shall be increased by an amount equal to the average annual increase in the Consumer Price Index for all urban consumers for the previous calendar year, as published by the United States Department of Labor, which amount shall be as calculated and adopted by the Revenue Estimating Conference.

(iii) (c) Of the total amount of severance tax revenues remitted in a fiscal year to a parish governing authority pursuant to the provisions of this Subparagraph, any portion which is in excess of the amount of such tax revenues remitted to that parish in Fiscal Year 2011-2012 2020-2021 shall be known as "excess severance tax". At least fifty percent of the The excess severance tax received by a parish governing authority in a any fiscal year shall be expended within the parish in the same manner and for the same purposes as monies received by the parish from the Parish Transportation Fund.

(b)(d) Deposit into the Atchafalaya Basin Conservation Fund.

(i) Notwithstanding any other provision of this constitution to the contrary, after allocation of money to the Bond Security and Redemption Fund as provided in Article VII, Section 9(B) of this constitution, and after satisfying the required allocations in Subsubparagraph (a) of this Subparagraph, Paragraph (E) of this Section, and Article VII, Sections 10-A and 10.2 of this constitution, an amount equal to fifty percent of the revenues received from severance taxes and royalties on state lands in the Atchafalaya Basin, but not to exceed ten million dollars each fiscal year, shall be deposited by the treasurer into the Atchafalaya Basin Conservation Fund, hereinafter referred to as the "fund", which is hereby created as a special fund in the state treasury. The monies in the fund shall be invested by the treasurer in the manner provided by law, and interest earned on the investment of these monies shall be deposited in and credited to the fund. All unexpended or unencumbered monies remaining in the fund at the end of the fiscal year shall remain in the fund.

(ii) The monies in the fund shall be used exclusively for projects contained in the state or federal Basin master plans or an annual Basin plan developed and approved by the advisory or approval board created by law specifically for that purpose, or to provide match for the Atchafalaya Basin Floodway System, Louisiana Project. Each year's plan for the expenditure of monies appropriated from the fund shall be subject to the approval of the appropriate subject matter committees of the legislature.

(iii) Of the monies appropriated in any fiscal year, eighty-five percent shall be used for water management, water quality, or access projects, and the remaining fifteen percent may be used to complete ongoing projects and for projects that are in accordance with the mission statement of the state master plan. However, no more than five percent of the monies appropriated in any fiscal year may be used for the operational costs of the program or the department.

* * *

Section 2. Be it further resolved that this proposed amendment shall be submitted to the electors of the state of Louisiana at the statewide election to be held on November 8, 2022.

Section 3. Be it further resolved that on the official ballot to be used at said election there shall be printed a proposition, upon which the electors of the state shall be permitted to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as follows:

Do you support an amendment to allocate additional severance tax revenue to the parishes in which the severance or production occurs and to require these parishes to spend any excess severance tax allocation on transportation projects within the parish?

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

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Ward

<u>Present constitution</u> provides that 1/5 of the severance tax on all natural resources other than sulphur, lignite, or timber shall be remitted to the governing authority of the parish in which severance or production occurs. The initial maximum amount remitted to the parish in which severance or production occurs shall not exceed \$850,000.

<u>Present constitution</u> provides that the maximum amount remitted shall be increased each July first by an amount equal to the average annual increase in the Consumer Price Index for All Urban Consumers, as published by the U.S. Dept. of Labor, for the previous calendar year, as calculated and adopted by the Revenue Estimating Conference.

Proposed constitutional amendment retains the CPI increase provision.

(Amends Article VII, Section 4(D))

<u>Present constitution</u> increases the maximum amount of severance tax on natural resources, other than sulphur, lignite, and timber, that is remitted to the parish governing authority where the severance occurs <u>from</u> \$850,000 <u>to</u> \$1,850,000 in the first fiscal year after collections exceed the collections in FY 2008-09 and <u>to</u> \$2,850,000 in all subsequent fiscal years. Further requires that at least 50% of the excess severance tax remitted to a parish in a fiscal year be used only within the parish for the same purposes as money received from the Parish Transportation Fund. The term "excess severance tax" shall mean the amount of severance tax remitted to a parish in excess of the amount of severance tax remitted to the parish in FY 2011-12.

<u>Proposed constitutional amendment</u> removes the FY 2008-09 collections trigger and changes the maximum amount of severance tax on natural resources, other than sulphur, lignite, and timber, that is remitted to the parish governing authority where the severance occurs <u>from</u>

\$850,000 (\$1.06 million in FY 2019-20 after CPI adjustment) to \$2,850,000 beginning July 1, 2023.

<u>Proposed constitutional amendment</u> requires that 100% of the excess severance tax remitted to a parish in a fiscal year be used only within the parish for the same purposes as money received from the Parish Transportation Fund. The term "excess severance tax" shall mean the amount of severance tax remitted to a parish in excess of the amount of severance tax remitted to the parish for FY 2020-21.

Specifies submission of the amendment to the voters at the statewide election to be held on November 8, 2022.

(Amends Art. VII, §4(D))