

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 331** HLS 22RS 784

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 18, 2022 11:28 AM	Author: MCFARLAND
Dept./Agy.: Tax Commission	Analyst: Deborah Vivien
Subject: Defines average stumpage valuation for timber severance	

TAX/SEVERANCE TAX OR NO IMPACT GF RV See Note
Provides relative to the application of the timber severance tax

Current law provides that timber severance tax rate is 2.25% (trees or timber) or 5% (pulpwood) of an average stumpage market value established annually and applied to the weight or scale of the product. For severance tax purposes, timber product volume is to be calculated exclusively using the Doyle Log Rule.

Proposed law retains current law and further states that average stumpage market value shall be applied, with use of the Doyle Log Rule, at the last scale prior to the product undergoing the first processing after severance.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

According to the LA Forestry Commission within the LA Department of Agriculture and the Department of Revenue, this bill codifies current practice and will have little to no effect on revenue.

Currently, timber severance tax is calculated by applying the rate (either 2.25% or 5%) to the annual stumpage valuation, then multiplying by a volume. The volume is calculated by applying a factor using the Doyle Log Rule to the weight prior to processing. This bill clarifies that the taxable volume will be the last scale prior to the first processing.

Timber severance tax is distributed 25% to the state and 75% to the parishes from which the severance occurred. Of the state's share, 75% is deposited to the Forestry Productivity Fund, which is used solely for the implementation of the forestry productivity program. The remaining 25% is deposited to the Wildfire Suppression Subfund of the Forest Protection Fund for appointment and retention of forest firefighters. Timber severance tax revenue averages about \$10M annually with about \$2.5M allocated to the state and about \$7.5M to parishes.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger
Alan M. Boxberger
Interim Legislative Fiscal Officer