

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



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

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ SEN COMM AMD**

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 27, 2022	8:22 AM	<b>Author:</b> MCFARLAND
<b>Dept./Agy.:</b> Tax Commission		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Defines average stumpage valuation for timber severance		

TAX/SEVERANCE TAX EG1 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 first scale prior to the product undergoing the first processing after severance.

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

  

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

**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 measured at the first scale prior to the first processing. Most timber is sold either to a wood yard or directly to a mill. This bill will place the severance tax calculation at the first point of offload, whether at a mill or wood yard, which is current practice. The engrossed bill measured severance at the last scale before first processing which could have complicated the scaling of timber that was not sold directly to a mill by potential shrinkage or commingling of the timber product on the woodyard. Overall, the impact between measuring timber volume at the first and last scale is not expected to be material.

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**