

2025 Regular Session

HOUSE BILL NO. 600

BY REPRESENTATIVE GEYMANN

1 AN ACT

2 To amend and reenact R.S. 47:633(7)(a), (b), and (c)(i)(aa), (ii)(aa), and (iv)(aa) and (bb),  
3 relative to severance tax; to provide for rates of the severance tax on oil; to provide  
4 for severance tax on oil produced from certain types of wells; to provide for  
5 applicability; to provide for effectiveness; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:633(7)(a), (b), and (c)(i)(aa), (ii)(aa), and (iv)(aa) and (bb) are  
8 hereby amended and reenacted to read as follows:

9 §633. Rates of tax

10 The taxes on natural resources severed from the soil or water levied by R.S.  
11 47:631 shall be predicated on the quantity or value of the products or resources  
12 severed and shall be paid at the following rates:

13 \* \* \*

14 (7)(a) On oil produced from a well completed before July 1, 2025, the rate  
15 of tax shall be twelve and one-half ~~percentum~~ percent of its value at the time and  
16 place of severance. On oil produced from a well completed on or after July 1, 2025,  
17 the rate of tax shall be six and one-half percent of its value at the time and place of  
18 severance. ~~Such~~ For purposes of this Paragraph, the value of oil shall be the higher  
19 of (1) the gross receipts received from the first purchaser, less charges for trucking,  
20 barging and pipeline fees, or (2) the posted field price. In the absence of an arms  
21 length transaction or a posted field price, the value shall be the severer's gross  
22 income from the property as determined by R.S. 47:158(C).

1           (b) On oil produced from a well classified by the commissioner of  
2           conservation as an oil well, and determined by the ~~collector of revenue~~ secretary of  
3           the Department of Revenue that such well is incapable of producing an average of  
4           more than twenty-five barrels of oil per producing day during the entire taxable  
5           month, and which also produces at least fifty percent salt water per day, the ~~tax rate~~  
6           ~~applicable to the oil severed from such well shall be one-half of the rate set forth in~~  
7           ~~Subparagraph (a) of this Paragraph~~ rate of tax shall be six and one-fourth percent of  
8           its value at the time and place of severance and such well shall be defined, for  
9           severance tax purposes, as an incapable well, provided that ~~such~~ the well has been  
10          certified by the Department of Revenue as incapable of such production on or before  
11          the twenty-fifth day of the second month following the month of production. Oil  
12          severed from a ~~multiple well~~ multiple-well lease or property ~~is not~~ shall not be  
13          subject to the reduced rate of tax provided for ~~herein~~, in this Subparagraph unless all  
14          such wells on the lease or property are certified as incapable.

15           (c)(i)(aa) On oil produced from a well classified by the commissioner of  
16           conservation as an oil well, and certified by the Department of Revenue that such  
17           well is incapable of producing an average of more than ten barrels of oil per  
18           producing day during the entire taxable month, the ~~tax rate applicable to the oil~~  
19           ~~severed from such well shall be one-quarter of the rate set forth in Subparagraph (a)~~  
20           ~~of this Paragraph~~ rate of tax shall be three and one hundred twenty-five thousandths  
21           percent of its value at the time and place of severance and such well shall be defined,  
22           for severance tax purposes, as a stripper well, provided that ~~such~~ the well has been  
23           certified by the Department of Revenue as a stripper well on or before the  
24           twenty-fifth day of the second month following the month of production. Once a  
25           well has been certified and determined to be incapable of producing an average of  
26           more than ten barrels of oil per producing day during an entire month, ~~such stripper~~  
27           that well shall remain certified as a stripper well until the well it produces an average  
28           of more than ten barrels of oil per day during an entire calendar month.

\* \* \*

1 (ii)(aa) On oil produced from a well in a stripper field classified by the  
 2 commissioner of conservation as a mining and horizontal drilling project which  
 3 utilizes gravity drainage to a collection point in a downhole operations room, the ~~tax~~  
 4 ~~rate applicable to the oil severed from such well shall be one-quarter of the rate set~~  
 5 ~~forth in Subparagraph (a) of this Paragraph (7)~~ rate of tax shall be three and one  
 6 hundred twenty-five thousandths percent of its value at the time and place of  
 7 severance; provided that ~~such~~ the well has been classified by the commissioner as  
 8 a mining and horizontal drilling project before the lower rate is claimed on a tax  
 9 return.

\* \* \*

11 (iv)(aa) Production from an oil or gas well subsequent to the well's having  
 12 been inactive for two or more years or having thirty days or less of production during  
 13 the past two years shall, in the case of oil, be subject to a severance tax rate ~~equal to~~  
 14 ~~twenty-five percent of the rate imposed under this Paragraph or~~ of three and one  
 15 hundred twenty-five thousandths percent of its value at the time and place of  
 16 severance and, in the case of gas, be subject to a severance tax rate equal to  
 17 twenty-five percent of the rate imposed by Paragraph (9) of this Section for a period  
 18 of ten years if the production commences before October 1, 2028. Production from  
 19 an oil or gas well subsequent to the well's having been designated as an orphan well  
 20 for longer than sixty months shall, in the case of oil, be subject to a severance tax  
 21 rate ~~equal to twelve and one half percent of the rate imposed under this Paragraph~~  
 22 ~~or~~ of one and five hundred sixty-five thousandths percent of its value at the time and  
 23 place of severance and, in the case of gas, be subject to a severance tax rate equal to  
 24 twelve and one half percent of the rate imposed by Paragraph (9) of this Section for  
 25 a period of ten years if the production commences before October 1, 2028.

26 (bb) Production from an oil or gas well subsequent to the well's having been  
 27 inactive for two or more years or having thirty days or less of production during the  
 28 past two years shall, in the case of oil, be subject to a severance tax rate ~~equal to fifty~~  
 29 ~~percent of the rate imposed under this Paragraph or~~ of six and one-fourth percent of  
 30 its value at the time and place of severance and, in the case of gas, be subject to a

1           severance tax rate equal to fifty percent of the rate imposed by Paragraph (9) of this  
 2           Section for a period of ten years if the production commences on or after October 1,  
 3           2028. Production from an oil or gas well subsequent to the well's having been  
 4           designated as an orphan well for longer than sixty months shall, in the case of oil, be  
 5           subject to a severance tax rate equal to twenty-five percent of the rate imposed under  
 6           ~~this Paragraph or~~ of three and one hundred twenty-five thousandths percent of its  
 7           value at the time and place of severance and, in the case of gas, be subject to a  
 8           severance tax rate equal to twenty-five percent of the rate imposed by Paragraph (9)  
 9           of this Section for a period of ten years if the production commences on or after  
 10          October 1, 2028.

11   \*           \*           \*

12           Section 2. The provisions of this Act shall apply to taxable periods beginning on or  
 13          after July 1, 2025.

14           Section 3. This Act shall take effect and become operative if and when the Act which  
 15          originated as House Bill No. 495 of this 2025 Regular Session of the Legislature is enacted  
 16          and becomes effective.

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 SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
 PRESIDENT OF THE SENATE

\_\_\_\_\_  
 GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_