

2025 Regular Session

HOUSE BILL NO. 518

BY REPRESENTATIVE GEYMANN

AN ACT

To amend and reenact R.S. 47:633 and 645(A) and (B), relative to severance tax; to provide with respect to severance tax rates; to provide for computation of amounts of severance tax imposed on particular natural resources; to provide relative to severance tax exemptions for oil and gas; to provide relative to severance tax administration; to provide for the dedication of severance taxes; to provide for definitions; to make technical changes and corrections; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:633 and 645(A) and (B) are hereby amended and reenacted to read as follows:

§633. ~~Rates of tax~~ Severance tax; rates; administration

A. The taxes on natural resources severed from the soil or water levied by R.S. 47:631 shall be predicated on the quantity or value of the products or resources severed, ~~and shall be computed in accordance with the provisions of this Section, and~~ paid at the following rates:

(1) On trees and timber, except pulpwood, two and one-quarter percent of the then-current average stumpage market value of such timber, to be determined annually in December by the Louisiana Forestry Commission, such value to be effective on the first day of January in the following year and continuing until the next succeeding January. The Louisiana Tax Commission may assist in determining the value. The average stumpage market value shall be applied to the weight or scale of trees and timber as determined pursuant to the provisions of R.S. 3:4641 and 4642 at the first time the trees and timber are scaled prior to undergoing the first processing after severance.

1 (2) On pulpwood, five percent of the then-current average stumpage market
2 value of such pulpwood, to be determined annually in December by the Louisiana
3 Forestry Commission, such value to be effective on the first day of January in the
4 following year and continuing until the next succeeding January. The Louisiana Tax
5 Commission may assist in determining the value. The average stumpage market
6 value shall be applied to the weight or scale of pulpwood as determined pursuant to
7 the provisions of R.S. 3:4641 and 4642 at the first time the pulpwood is scaled prior
8 to undergoing the first processing after severance.

9 ~~(3) The Louisiana Forestry Commission may base its determination of the~~
10 ~~market value of trees, timber, and pulpwood as provided in Paragraphs (1) and (2)~~
11 ~~of this Section with consideration of sales of timber as reported to the Department~~
12 ~~of Revenue and as published in the "Quarterly Report of Forest Products" by the~~
13 ~~Department of Agriculture and Forestry, as well as other information considered by~~
14 ~~the Louisiana Forestry Commission.~~

15 ~~(7)(a)~~ (3)(a) On oil, twelve and one-half ~~percentum~~ percent of its value at the
16 time and place of severance. ~~Such~~ The value shall be the higher of ~~(1)~~ the gross
17 receipts received from the first purchaser; less charges for trucking, barging, and
18 pipeline fees; ~~or (2)~~ the posted field price. In the absence of an arms length
19 transaction or a posted field price, the value shall be the severer's gross income from
20 the property as determined by R.S. 47:158(C).

21 (b) On oil produced from a well classified by the commissioner of
22 conservation as an oil well, and determined by the collector of revenue ~~that such well~~
23 ~~is to be~~ incapable of producing an average of more than twenty-five barrels of oil per
24 producing day during the entire taxable month, and which also produces at least fifty
25 percent salt water per day, the tax rate applicable to the oil severed from ~~such the~~
26 well shall be one-half of the rate set forth in Subparagraph (a) of this Paragraph and
27 ~~such the~~ well shall be defined, for severance tax purposes, as an incapable well,
28 provided that ~~such the~~ well has been certified by the Department of Revenue as
29 incapable of such production on or before the twenty-fifth day of the second month
30 following the month of production. Oil severed from a ~~multiple well~~ multiple-well

1 lease or property is not subject to the reduced rate of tax provided for ~~herein~~, in this
2 Subparagraph unless all ~~such~~ wells on the lease or property are certified as incapable.

3 (c)(i)(aa) On oil produced from a well classified by the commissioner of
4 conservation as an oil well, and certified by the Department of Revenue ~~that such~~
5 ~~well is~~ as incapable of producing an average of more than ten barrels of oil per
6 producing day during the entire taxable month, the tax rate applicable to the oil
7 severed from ~~such~~ the well shall be one-quarter of the rate set forth in Subparagraph
8 (a) of this Paragraph and ~~such~~ the well shall be defined, for severance tax purposes,
9 as a stripper well, provided that ~~such~~ the well has been certified by the Department
10 of Revenue as a stripper well on or before the twenty-fifth day of the second month
11 following the month of production. Once a well has been certified and determined
12 to be incapable of producing an average of more than ten barrels of oil per producing
13 day during an entire month, ~~such stripper that~~ the well shall remain certified as a stripper
14 well until ~~the well~~ it produces an average of more than ten barrels of oil per day
15 during an entire calendar month.

16 (bb) Crude oil produced from certified stripper wells shall be exempt from
17 severance tax in any month in which the average value set forth in Subparagraph (a)
18 of this Paragraph is less than twenty dollars per barrel.

19 (ii)(aa) On oil produced from a well in a stripper field classified by the
20 commissioner of conservation as a mining and horizontal drilling project which
21 utilizes gravity drainage to a collection point in a downhole operations room, the tax
22 rate applicable to the oil severed from ~~such~~ the well shall be one-quarter of the rate
23 set forth in Subparagraph (a) of this Paragraph ~~(7)~~; provided that ~~such~~ the well has
24 been classified by the commissioner as a mining and horizontal drilling project
25 before the lower rate is claimed on a tax return.

26 (bb) For purposes of this Paragraph, a "stripper field" means those geological
27 formations as designated by rules and regulations of the secretary which have been
28 historically recognized as being "stripper fields" and as utilizing stripper wells for
29 oil production.

1 (cc) The tax rate provided in ~~Paragraph (ii)(aa)~~ Subitem (aa) of this Item
2 shall ~~be applicable~~ apply only to the working interest and shall only apply until the
3 cumulative value of hydrocarbon production from the mining and horizontal drilling
4 project is equal to two and one-third times the total private investment, invested by
5 the working interest owners, in the project.

6 (dd) For purposes of this ~~Section~~ Item, "private investment" shall mean those
7 costs associated with project design, fabrication, installation of equipment, drilling
8 and completion cost of wells, and any other costs directly associated with ~~said~~ the
9 project. A "working interest owner" shall mean the owner of a mineral right who is
10 under an obligation to share in the costs of drilling and completing a mining and
11 horizontal drilling project. A person who does not invest and take a financial or
12 economic risk in the drilling for and actual production of oil shall not be a working
13 interest owner under pursuant to the provisions of this ~~Section~~ Item.

14 ~~(iii) All severance tax shall be suspended, for a period of twenty-four months~~
15 ~~or until payout of the well cost is achieved, whichever comes first, on any~~
16 ~~horizontally drilled well, or, on any horizontally drilled recompletion well, from~~
17 ~~which production commences after July 31, 1994, and on or before June 30, 2015.~~
18 ~~Beginning July 1, 2015, and thereafter, the amount of the exemption for any well that~~
19 ~~commences production on or after July 1, 2015, shall be the amount set forth in~~
20 ~~Subparagraph (d) of this Paragraph.~~

21 ~~(aa) For the purposes of this Section "horizontal drilling" shall mean high~~
22 ~~angle directional drilling of bore holes with fifty to three thousand plus feet of lateral~~
23 ~~penetration through productive reservoirs and "horizontal recompletion" shall mean~~
24 ~~horizontal drilling in an existing well bore.~~

25 ~~(bb) Payout of well cost shall be the cost of completing the well to the~~
26 ~~commencement of production as determined by the Department of Energy and~~
27 ~~Natural Resources.~~

28 ~~(iv)(aa)~~ (iii)(aa) Production from an oil or gas well subsequent to the ~~well's~~
29 well having been inactive for two or more years or having thirty days or less of
30 production during the past two years shall be subject to a severance tax rate equal to

1 twenty-five percent of the rate imposed ~~under~~ by Subparagraph (a) of this Paragraph
2 or ~~Paragraph (9) by Paragraph (5) of this Section Subsection~~ for a period of ten years
3 if the production commences before October 1, 2028. Production from an oil or gas
4 well subsequent to the ~~well's~~ well having been designated as an orphan well for
5 longer than sixty months shall be subject to a severance tax rate equal to twelve and
6 one half percent of the rate imposed ~~under~~ by Subparagraph (a) of this Paragraph or
7 ~~Paragraph (9) by Paragraph (5) of this Section Subsection~~ for a period of ten years
8 if the production commences before October 1, 2028.

9 (bb) Production from an oil or gas well subsequent to the ~~well's~~ well having
10 been inactive for two or more years or having thirty days or less of production during
11 the past two years shall be subject to a severance tax rate equal to fifty percent of the
12 rate imposed ~~under~~ by Subparagraph (a) of this Paragraph or Paragraph (9) by
13 Paragraph (5) of this Section Subsection for a period of ten years if the production
14 commences on or after October 1, 2028. Production from an oil or gas well
15 subsequent to the ~~well's~~ well having been designated as an orphan well for longer
16 than sixty months shall be subject to a severance tax rate equal to twenty-five percent
17 of the rate imposed ~~under~~ by Subparagraph (a) of this Paragraph or Paragraph (9) by
18 Paragraph (5) of this Section Subsection for a period of ten years if the production
19 commences on or after October 1, 2028.

20 (cc) To qualify for a reduced inactive or orphan well severance tax rate on
21 oil or gas provided for in Subitem (aa) or (bb) of this Item, the oil or gas ~~production~~
22 must be produced from the same perforated producing interval or from one hundred
23 feet above and one hundred feet below the perforated producing interval for lease
24 wells, and within the correlative defined interval for unitized reservoirs, that the
25 formerly inactive or orphaned well produced from before being inactive or
26 designated as an orphan well. The exemption shall be extended by the length of any
27 inactivity of a well that has commenced production when such inactivity is caused
28 by a force majeure.

29 (dd) To qualify for inactive or orphan well status for purposes of the special
30 rates provided for in this Item, an application for inactive or orphan well certification

1 shall be made to the Department of Energy and Natural Resources during the period
2 beginning July 1, 2018, and ending June 30, 2028. Upon certification that a well is
3 inactive or orphan, production shall be subject to the special rate as provided in this
4 Item from the date that production begins or ninety days from the date that of the
5 application, whichever occurs first. If, in any one fiscal year, the secretary of the
6 Department of Revenue estimates that the severance tax to be paid ~~under~~ pursuant
7 to the provisions of this Item will be in excess of fifteen million dollars, the secretary
8 shall notify the commissioner of conservation who shall not certify inactive or
9 orphan well status for any other wells for the remainder of that fiscal year. ~~Such~~
10 ~~certifications~~ Certification of wells as inactive or orphan wells may begin again ~~after~~
11 ~~the beginning of~~ in the next fiscal year.

12 (ee) If the severance tax on oil or gas is paid at the full rate provided by this
13 Section before the Department of Energy and Natural Resources approves an
14 application for inactive or orphan well status, the operator ~~is~~ shall be entitled to a
15 credit against taxes imposed by this Section in an amount equal to the tax paid. To
16 receive a credit, the operator must apply to the secretary of the Department of
17 Revenue for the credit not later than the first anniversary after the date that the
18 Department of Energy and Natural Resources certifies that the well is an inactive or
19 orphan well.

20 (ff) Notwithstanding any provision of law to the contrary, oil production
21 from any orphan well as defined by R.S. 30:88.2(A) that is undergoing or has
22 undergone well enhancements that required a Department of Energy and Natural
23 Resources permit, including but not limited to re-entries, workovers, or plugbacks,
24 from which production commences on or after October 1, 2021, and before June 30,
25 2031, shall be exempt from ~~the~~ severance tax. To qualify for the exemption, an
26 application for certification shall be made to the Department of Energy and Natural
27 Resources. Upon certification that a well qualifies for the exemption, the operator
28 shall retain an amount equal to the severance tax otherwise due for the initial three
29 months of the exemption. Beginning in the fourth month following certification, the
30 operator shall report, on forms prescribed by the secretary, and remit to the

1 Department of Revenue an amount equal to the severance tax applicable to the well
2 pursuant to this Paragraph, which shall be credited to the associated site-specific trust
3 account provided for in R.S. 30:88.2 and shall be subject to all due date, interest, and
4 penalty provisions applicable to the oil severance tax.

5 (d)(i) ~~There~~ Subject to the requirements and limitations of this Subparagraph,
6 there shall be an exemption from severance tax ~~as provided in this Subparagraph~~ for
7 production from any horizontally drilled well, or, on any horizontally drilled
8 recompletion well, from which production occurs on or after July 1, 2015. The
9 exemption shall last for a period of twenty-four months or until payout of the well
10 cost is achieved, whichever comes first. For ~~the~~ purposes of this ~~Section~~ Paragraph,
11 "horizontal drilling" shall mean high angle directional drilling of bore holes with
12 fifty to three thousand plus feet of lateral penetration through productive reservoirs,
13 and "horizontal recompletion" shall mean horizontal drilling in an existing well bore.
14 Payout of well cost shall be the cost of completing the well to the commencement
15 of production as determined by the Department of Energy and Natural Resources.

16 (i) ~~(i)~~ (ii) The secretary shall determine the oil price upon which the exemption
17 for a horizontal well that produces oil shall be based on July ~~First~~ first of each year
18 for the ensuing twelve months based upon the average New York Mercantile
19 Exchange Price per barrel of crude oil per month ~~on~~ at the close of business on June
20 ~~Thirtieth~~ thirtieth for the prior twelve months. The amount of the exemption for a
21 horizontal well that produces oil shall be as follows:

22 (aa) The exemption shall be one hundred percent if the price of oil is at or
23 below seventy dollars per barrel.

24 (bb) The exemption shall be eighty percent if the price of oil is above
25 seventy dollars and at or below eighty dollars per barrel.

26 (cc) The exemption shall be sixty percent if the price of oil is above eighty
27 dollars and at or below ninety dollars per barrel.

28 (dd) The exemption shall be forty percent if the price of oil is above ninety
29 dollars and at or below one hundred dollars per barrel.

1 (ee) The exemption shall be twenty percent if the price of oil is above one
2 hundred dollars and at or below one hundred ten dollars per barrel.

3 (ff) There shall be no exemption in effect if the price of oil exceeds one
4 hundred ten dollars per barrel.

5 ~~(ii)~~ (iii) The secretary shall determine the natural gas price upon which the
6 exemption for a horizontal well that produces natural gas shall be based on July ~~First~~
7 first of each year for the ensuing twelve months based upon the average New York
8 Mercantile Exchange Price per million BTU per month ~~on~~ at the close of business
9 ~~on June Thirtieth~~ thirtieth for the prior twelve months. The amount of the exemption
10 for a horizontal well that produces natural gas shall be as follows:

11 (aa) The exemption shall be one hundred percent if the price of natural gas
12 is at or below four dollars and fifty cents per million BTU.

13 (bb) The exemption shall be ~~by~~ eighty percent if the price of natural gas is
14 above four dollars and fifty cents per million BTU and at or below five dollars and
15 fifty cents per million BTU.

16 (cc) The exemption shall be sixty percent if the price of natural gas is above
17 five dollars and fifty cents per million BTU and at or below six dollars per million
18 BTU.

19 (dd) The exemption shall be forty percent if the price of natural gas is above
20 six dollars per million BTU and at or below six dollars and fifty cents per million
21 BTU.

22 (ee) The exemption shall be twenty percent if the price of natural gas is
23 above six dollars and fifty cents per million BTU and at or below seven dollars per
24 million BTU.

25 (ff) There shall be no exemption in effect if the price of natural gas exceeds
26 seven dollars per million BTU.

27 (e) For purposes of this Paragraph, the following terms shall have the
28 ~~following definitions~~ meaning ascribed in this Subparagraph:

1 (i) "Payout of well cost" shall be the cost of completing the well to the
2 commencement of production as reflected in the well cost statement submitted to the
3 Department of Energy and Natural Resources.

4 (ii) "Qualified accountant" means a certified public accountant ("~~CPA~~") who
5 ~~meets all of the following qualifications:~~

6 ~~(aa) Maintains~~ maintains an active ~~unrestricted original~~ certified public
7 accountant license in good standing.

8 ~~(bb) Maintains a current Louisiana certified public accountant firm permit.~~

9 ~~(cc) Actively participates in a Peer Review Program approved by the State~~
10 ~~Board of Certified Public Accountants of Louisiana.~~

11 (iii) "Well cost statement" means a ~~statement~~ report issued by a qualified
12 accountant who is ~~unrelated to the operator and that is a report of the qualified~~
13 ~~accountant's verification of the costs of completing the well to the commencement~~
14 ~~of production. The well cost statement shall contain an opinion from the qualified~~
15 ~~accountant that the well cost statement presents fairly, in all material aspects, the~~
16 ~~costs expended to complete the well. The well cost statement shall~~ independent from
17 the operator and the report shall meet all of the following conditions:

18 (aa) Be performed in accordance with the ~~accounting~~ attestation standards
19 ~~generally accepted in the United States~~ established by the American Institute of
20 Certified Public Accountants.

21 ~~(bb) Be addressed to the party which has engaged the qualified accountant,~~
22 ~~with a copy addressed to the operator.~~

23 ~~(cc)~~ Contain the qualified accountant's name, address, and telephone number.

24 ~~(dd)~~ (cc) Contain a ~~certification~~ statement of acknowledgment that the
25 qualified accountant is ~~unrelated to the~~ independent from the operator.

26 ~~(ee)~~ (dd) Be dated as of the date of completion of the qualified accountant's
27 field work.

28 ~~(ff)~~ (ee) Contain a statement of acknowledgment by the qualified accountant
29 that the state is relying on the well cost statement in the allowance of an exemption
30 under the provisions of this Section.

(8) (4) On distillate, condensate, or similar natural resources severed from the soil or water either with oil or gas, twelve and one-half ~~percentum~~ percent of gross value at the time and place of severance. For the levy of this tax, gross value shall be ~~as defined by R.S. 47:633(7)(a)~~ determined in accordance with the provisions of Subparagraph (3)(a) of this Subsection. However, natural gasoline, casinghead gasoline and other natural gas liquids, including but not limited to ethane, methane, butane, or propane, all of which occur naturally or which are recovered through processing gas after separation of oil, distillate, condensate, or similar natural resources shall not be subject to the levy provided for in this Paragraph, but rather shall be subject to the levy provided for in ~~R.S. 47:633(9)~~ Paragraph (5) of this Subsection.

(9)(a)(i) (5)(a)(i) Subject to adjustment as provided in Subparagraph (d) ~~below of this Paragraph~~, on natural gas and, based on equivalent gas volumes, natural gasoline, casinghead gasoline, and other natural gas liquids, including but not limited to ethane, methane, butane, or propane, ten cents per thousand cubic feet measured at a base pressure of 15.025 pounds per square inch absolute and at the temperature base of sixty degrees Fahrenheit; provided that whenever the conditions of pressure and temperature differ from the ~~above~~ foregoing bases, conversion of the volume from these conditions to the ~~above~~ foregoing bases shall be made in accordance with the Ideal Gas Laws with correction for deviation from Boyle's Law, which correction must be made unless the pressure at the point of measurement is two hundred pounds per square inch gauge, or less, all in accordance with methods and tables generally recognized by and commonly used in the natural gas industry. For all purposes of computing standard cubic feet of gas ~~under this Section~~ pursuant to this Paragraph, the barometric pressure shall be assumed to be 14.7 pounds per square inch absolute at the place of measurement.

(ii) The rate as set forth in Item (i) of this Subparagraph shall be in effect until June 30, 1992. Effective July 1, 1992 the rate shall be seven cents per thousand cubic feet, and this rate shall also be subject to the annual rate adjustment as provided in Item (d)(i) of this Paragraph.

1 (b) In the case of gas produced from ~~an oil~~ a well designated as ~~such~~ an oil
2 well by the office of conservation, which has been determined by the secretary to
3 have a wellhead pressure of fifty pounds per square inch gauge or less under
4 operating conditions, or, in the case of gas rising in a vaporous state through the
5 annular space between the casing and tubing of ~~such~~ the oil well and released
6 through lines connected with the casinghead gas which has been determined by the
7 secretary to have a casinghead pressure of fifty pounds per square inch gauge or less
8 under operating conditions, the rate shall be three cents per thousand cubic feet. For
9 purposes of applying this reduced rate, an oil well being produced by the method
10 commonly known as gas lift shall be presumed, in the absence of a determination to
11 the contrary by the secretary, to have a wellhead pressure of fifty pounds per square
12 inch or less under operating conditions. To qualify for the reduced rate, an oil well
13 must have a casinghead pressure of fifty pounds or less per square inch for the entire
14 taxable month.

15 (c) In the case of gas produced from a ~~gas~~ well designated as ~~such~~ a gas well
16 by the office of conservation, ~~which has been~~ and determined by the secretary to be
17 incapable of producing an average of 250,000 cubic feet of gas per day, the tax rate
18 applicable to the gas severed from ~~such~~ the well shall be one and three-tenths cents
19 per thousand cubic feet. To qualify for the reduced rate, a gas well must be
20 incapable of producing 250,000 cubic feet of gas per day during the entire taxable
21 month.

22 (d)(i) The gas tax rate provided in Subparagraph (a) of this Paragraph shall
23 be adjusted annually on July first for the ensuing twelve calendar months as
24 ~~hereinafter~~ set forth hereafter in this Subparagraph but shall never be less than seven
25 cents per thousand cubic feet. On or before April 30, 1991, and annually thereafter,
26 the secretary shall determine, using the "gas base rate adjustment" ~~as hereinafter~~
27 provided for in this Subparagraph, the new gas tax rate for the twelve calendar
28 months beginning July 1, 1991, and respectively for each twelve-month period
29 beginning annually thereafter. The new gas tax rate shall be the rate provided in
30 Subparagraph (a) of this Paragraph multiplied by the gas base rate adjustment. The

1 "gas base rate adjustment" shall be determined by the secretary of the Department
2 of Energy and Natural Resources. The "gas base rate adjustment" for the applicable
3 twelve-month period is a fraction, the numerator of which shall be the average of the
4 New York Mercantile Exchange (NYMEX) Henry Hub settled price on the last
5 trading day for the month, as reported in the Wall Street Journal for the previous
6 twelve-month period ending on March thirty-first, and the denominator of which
7 shall be the average of the monthly average spot market prices of gas fuels delivered
8 into the pipelines in Louisiana as reported by the Natural Gas Clearing House for the
9 twelve-month period ending March 31, 1990 (1.7446 \$/MMBTU). For the
10 twelve-month period ending March 31, 2003, the monthly average gas prices used
11 in making the numerator of the "gas base rate adjustment", the average gas prices for
12 the months April, 2002 through September, 2002 shall be the monthly average spot
13 market price of gas fuels delivered into the pipelines into Louisiana as reported in
14 the Natural Gas Clearing House, and the average gas prices for the months October,
15 2002 through March, 2003 shall be the New York Mercantile Exchange (NYMEX)
16 Henry Hub settled price on the last trading day for the month, as reported in the Wall
17 Street Journal. The secretary of the Department of Revenue shall publish the "gas
18 base rate adjustment" and the "gas tax rate", as determined ~~under~~ in accordance with
19 this Subparagraph₂ in the official journal of the state of Louisiana by May first of
20 each year and shall provide the "gas base rate adjustment" and the "gas tax rate" to
21 affected producers by written notice mailed sixty days prior to the effective date
22 thereof; ~~but;~~ however, failure to ~~make such publication~~ publish the information or
23 ~~to give such notice~~ thereof as required by this Item shall not be a condition for the
24 new gas tax rate which shall nevertheless be effective.

25 (ii) If publication of the NYMEX Henry Hub average monthly gas price data
26 is discontinued, the "gas tax rate" shall remain ~~that~~ the last rate established ~~under~~
27 pursuant to this Subparagraph until a comparable method for determining the "gas
28 tax rate" is adopted by the legislature.

29 (iii) If the base data of the NYMEX Henry Hub average monthly gas price
30 is substantially revised, the secretary of the Department of Energy and Natural

Resources shall make appropriate adjustment to ensure that the "gas base rate adjustment" is reasonably consistent with the result which would have been attained had ~~such substantial~~ that revision not been made. If the secretary is unable to make reasonable changes sufficient to ensure a consistent result, the "gas tax rate" shall remain ~~that the~~ the last rate established ~~under~~ pursuant to this Subparagraph until a comparable method for determining the "gas tax rate" is adopted by the legislature.

(iv) The provisions of this Subparagraph ~~(d)~~ shall affect only the determination of the rate of the tax on the severance of a quantity of natural gas. They are not intended, nor shall they be construed, to affect any other determination whatsoever including but not limited to the determination of any royalty due under mineral leases.

(v) Production of natural gas, gas condensate, and oil from any well drilled to a true vertical depth of more than fifteen thousand feet, where production commences after July 31, 1994, shall, from the date commercial production begins, be exempt from severance tax, ~~from the date commercial production begins~~, for twenty-four months or until payout of the well cost, whichever comes first. For the purpose of this exemption, the date commercial production begins shall be the first day the well produces into the permanent production equipment and the facilities have been constructed to process and deliver natural gas, gas condensate, or oil to a sales point. The date of a drill-stem test, production test, or any other related production shall not be considered, construed, or deemed the date commercial production begins regardless of whether such activities are classified as active production by the office of conservation ~~of the Department of Energy and Natural Resources~~. The date commercial production begins may be a date subsequent to the well completion date.

(e)(i) The gas severance tax shall not accrue on ~~the severance of gas~~ any of the following:

~~(i) Which~~ (aa) Gas which is subsequently injected into a formation in the state of Louisiana for the purpose of storing by the producer. Gas injected into a formation in the state of Louisiana for the purpose of recycling, repressuring, or

1 pressure maintenance, or for any other purpose which increases the ultimate recovery
2 of oil or other hydrocarbons, shall be taxable at the time of initial severance, but the
3 taxpayer injecting ~~such the~~ gas, regardless of whether he ~~be is~~ the initial severer ~~or~~
4 ~~not~~, shall be allowed a credit against any tax otherwise currently due at the current
5 tax rate for the volume ~~so of~~ gas injected. If gas ~~on for~~ which an exemption or credit
6 as provided for in this ~~Item (i)~~ Subitem has been allowed is subsequently severed
7 from the earth, the tax ~~herein provided~~ imposed by this Paragraph shall ~~thereupon~~
8 accrue on that gas unless otherwise excluded.

9 ~~(ii) Originally~~ (bb) Gas originally produced without the state of Louisiana
10 which has been injected into the earth within the state of Louisiana for the purpose
11 set forth in Item (i) above of this Subparagraph.

12 ~~(iii) When~~ (cc) Gas produced from oil wells and vented or flared directly
13 into the atmosphere, ~~provided such~~ if that gas is not otherwise sold.

14 ~~(iv) Used~~ (dd) Gas used for drilling fuel in the field where produced,
15 whether used as drilling fuel by the producer of the gas, ~~by~~ the operator of a lease,
16 or ~~by~~ another person, and gas used by the operator as described in R.S. 47:640 on
17 leases operated by ~~such the~~ operator for fuel in connection with the operation and
18 development for or production of oil and gas in the field where produced. Gas used
19 for fuel by an operator shall include gas used for heating, separating, producing,
20 dehydrating, compressing, and pumping of oil and gas in the field where the gas is
21 produced ~~provided such~~ if that gas is not otherwise sold. Gas used for drilling fuel
22 in the field where the gas is produced shall include gas used by the operator or by
23 any other person engaged in drilling in the field where the gas is produced.

24 ~~(v) Consumed~~ (ee) Gas consumed in the production of natural resources in
25 the state of Louisiana.

26 ~~(vi) When~~ (ff) Gas produced from gas wells and vented or flared directly
27 into the atmosphere, ~~provided such~~ if that gas is not otherwise sold.

28 ~~(vii) Used~~ (gg) Gas used in the manufacture of carbon black.

29 (ii) Provided that gas Gas injected into an oil well to be used in lifting oil by
30 the method commonly known as gas lift shall not be deemed to be produced from the

gas lift well, but ~~such~~ the gas shall not be taxable unless it is subsequently used for purposes not exempt ~~under~~ by any provisions of this Section Subsection.

~~(10)~~ (6) On sulphur, one dollar and three cents per long ton of two thousand, two hundred forty pounds.

~~(11)~~ (7) On salt, six cents per ton of two thousand pounds.

~~(12)~~ (8) On coal, ten cents per ton of two thousand pounds.

~~(13)~~ (9) On lignite, twelve cents per ton of two thousand pounds.

~~(14)~~ (10) On ores, ten cents per ton of two thousand pounds.

~~(15)~~ (11) On marble, twenty cents per ton of two thousand pounds.

~~(16)~~ (12) On stone, three cents per ton of two thousand pounds.

~~(18)~~ (13) On sand, six cents per ton of two thousand pounds.

~~(19)~~ (14) On shells, six cents per ton of two thousand pounds.

~~(20)~~ (15) On salt content in brine extracted or produced in solution from the soil or water, when ~~the same is~~ used in the manufacture of other products and is not marketed as salt, one-half cent per ton of two thousand pounds.

B. The Louisiana Forestry Commission may base its determination of the market value of trees, timber, and pulpwood as provided in Paragraphs (A)(1) and (2) of this Section with consideration of sales of timber as reported to the Department of Revenue and in the "Quarterly Report of Forest Products" published by the Department of Agriculture and Forestry, and with consideration of any other information as the commission deems appropriate.

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§645. Disposition of collections

A. All taxes levied in this Part shall be collected monthly by the secretary and, ~~except as otherwise provided herein and in R.S. 30:301 et seq. and in R.S. 49:213.7,~~ shall be paid by him into the state treasury immediately upon receipt. When so paid, all of the severance taxes collected on natural resources, severed from soil or water, including salt content in brine, not otherwise allocated by the Constitution of Louisiana, shall be credited to the state treasury.

B. (1)Severance taxes shall be credited by the treasurer for allocation to the governing authority of the parish within which severance or production occurs as provided in Article VII, Section 4 of the Constitution of Louisiana as follows:

~~(a) One-third of the sulphur severance tax, but not to exceed one hundred thousand dollars, one-fifth~~

(b) One-third of the lignite severance tax.

(c) One-fifth of the severance tax on all natural resources other than sulphur, lignite, or timber, ~~but not to exceed five hundred thousand dollars, and three-fourths~~

~~(d) Three-fourths of the timber severance tax, shall be allocated to the governing authority of the parish within which severance or production occurs and shall be credited to such parish by the treasurer for allocation to the governing authority of the parish in which severance or production occurs as provided in Article VII, Section 4 of the Constitution of 1974.~~

(2) The allocated amounts shall not exceed the limits set forth in Article VII, Section 4 of the Constitution of Louisiana. When these limits have been reached, there shall be no further allocation, and all additional collections for the year shall be credited in full to the state treasury except as provided in R.S. 30:88.1.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____