ENROLLED

2015 Regular Session

HOUSE BILL NO. 549

BY REPRESENTATIVE THIBAUT

AN ACT

To amend and reenact R.S. 47:633(7)(c)(iii)(introductory paragraph) and to enact R.S. 47:633(7)(d), relative to severance tax; to provide with respect to special tax treatment for severance taxes on oil and natural gas; to provide with respect to the tax on production from certain horizontally drilled wells; to provide for the amount and duration of the exemption for certain horizontally drilled wells; to provide with respect to the determination of the price of oil and natural gas for purposes of the exemption; to provide for applicability; to provide for effectiveness; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:633(7)(c)(iii)(introductory paragraph) is hereby amended and reenacted and R.S. 47:633(7)(d) is hereby enacted to read as follows:

§633. Rates of tax

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 paid at the following rates:

* * *

(7)

* * *

(c)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 2. The provisions of this Act shall become effective on July 1, 2015, and shall be applicable to production occurring on or after July 1, 2015.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: ____________________