



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: SB 24 SLS 161ES 63

Bill Text Version: ORIGINAL

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date:	March 3, 2016	11:08 AM	Author:	GATTI
Dept./Agy.:	Revenue		Analyst:	Greg Albrecht
Subject:	Oil & Gas Lease Bonus and Royalty Payments Taxed 0%			

TAX/TAXATION

OR DECREASE GF RV See Note

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Reduces income tax rate on oil and gas bonus payments and oil and gas royalty payments to zero. (Item #19)(gov sig)

Establishes a 0% tax rate on oil and gas lease bonus payments and royalty payments received by individuals and corporations.

Applicable to taxable periods beginning on or after January 1, 2016.

Effective upon governor's signature.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill essentially exempts oil & gas lease bonus and royalty payments from the individual income tax. The bill also appears intended to exempt such income from the corporate income tax. However, the Department of Revenue indicates that the bill does not change the corporate income tax provisions that begin with RS 47:287.2 and became effective in the mid-1980s, and thus, does not exempt this income from corporate taxation.

The state income tax forms do not allow identification of these forms of income. A brief review of readily available IRS statistics also failed to allow identification of these forms of income. Thus, an estimate of the state revenue loss from exempting this income from state taxation can not be made. Since Louisiana is a long-standing major oil and gas producing state, it seems likely that affected income is relatively large and, consequently, state revenue losses would be relatively large, as well.

The bill is effective for the 2016 tax year, first affecting FY17 tax receipts.

Senate

Dual Referral Rules

House

☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

☐ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

☒ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer