

SENATE CONCURRENT RESOLUTION NO. 4

BY SENATOR ALLAIN

A CONCURRENT RESOLUTION

To urge and request the Louisiana State University Center for Energy Studies (LSU CES), the Louisiana State University Public Administration Institute (LSU PAI), and the Louisiana Tax Institute, in consultation with various stakeholder organizations and certain legislative committees, to analyze mineral revenues, taxes, and exemptions in Louisiana and to submit a written report of its findings to the legislature.

WHEREAS, in 2015, a team of economists, led by Dr. James A. Richardson of LSU PAI, presented comprehensive and overarching recommendations on Louisiana tax policies; and

WHEREAS, a book entitled *Exploring Long-Term Solutions for Louisiana's Tax System*, authored by James A. Richardson, Steve M. Sheffrin, and James Alm will be published in fall of 2018; and

WHEREAS, the chapter entitled Mineral Revenues in Louisiana, written by Greg Upton, a professor at LSU CES, presents an analysis of Louisiana's mineral tax laws and makes specific recommendations; and

WHEREAS, Louisiana has a twelve and one-half percent tax on oil with adjustments for low-producing wells and a tax on natural gas that amounts to approximately a four percent tax on natural gas per one thousand cubic feet; and

WHEREAS, horizontal wells are exempt from severance tax for two years or until well payout, whichever occurs first, while conventional or vertically-drilled wells do not receive this exemption; and

WHEREAS, the Louisiana Mineral Law Institute at Louisiana State University Paul M. Hebert Law Center, the LSU CES, and the LSU PAI are valuable sources of information and knowledge regarding oil and gas law, and economic and political matters; and

WHEREAS, various members of the Louisiana Tax Institute, the LSU CES, and the LSU PAI have substantial expertise in state tax law, as well as oil and gas law matters.

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby urge and request the LSU CES, LSU PAI, and the Louisiana Tax Institute, in consultation with the director of the Louisiana Mineral Law Institute and the various stakeholder organizations and certain legislative committees, to analyze the mineral tax laws in Louisiana and make specific recommendations to the legislature while balancing the following goals:

- (1) Preserve or improve the competitiveness of the oil and gas extraction sector in Louisiana.
- (2) Decrease or remove the difference in tax rates for oil and gas.
- (3) Create an equitable system of severance tax exemptions for all wells, not just horizontal wells.
- (4) Hold constant or increase mineral revenues for the state.
- (5) Explore other reasons why oil and gas production is fluctuating in the state of Louisiana and any changes that need to be made to increase production.

BE IT FURTHER RESOLVED that the following stakeholder organizations and legislative committees shall be invited to attend meetings and provide testimony regarding state oil and gas law and state tax law as it relates to oil and gas law:

- (1) The Louisiana Oil and Gas Association.
- (2) The Louisiana Mid-Continent Oil and Gas Association.
- (3) The Public Affairs Research Council of Louisiana.
- (4) The Counsel for a Better Louisiana.
- (5) The Louisiana State Law Institute.
- (6) The Senate Committee on Natural Resources.
- (7) The Senate Committee on Revenue and Fiscal Affairs.
- (8) The House Committee on Natural Resources and Environment.
- (9) The House Committee on Ways and Means.

BE IT FURTHER RESOLVED that reports of the specific recommendations shall be submitted to the Senate Committee on Revenue and Fiscal Affairs and the House Committee on Ways and Means on the following timeline:

- (1) A preliminary status report no later than February 1, 2019.

(2) A final written report of recommendations no later than February 1, 2020.

(3) Specific bills implementing these recommendations no later than February 1, 2021.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the executive director of the LSU Center for Energy Studies, the director of the LSU Public Administration Institute, the director of the Louisiana Mineral Law Institute, the chair of the board of the Louisiana Tax Institute, the president of the Louisiana Oil and Gas Association, the president of the Louisiana Mid-Continent Oil and Gas Association, the president of the Public Affairs Research Council of Louisiana, the president of the Counsel for a Better Louisiana, the director of the Louisiana State Law Institute, the president of the Senate, and the speaker of the House of Representatives.

---

PRESIDENT OF THE SENATE

---

SPEAKER OF THE HOUSE OF REPRESENTATIVES