

**A RESOLUTION REQUESTING THE ASSISTANCE OF THE  
LINCOLN PARISH LEGISLATIVE DELEGATION AND THE  
POLICE JURY ASSOCIATION OF LOUISIANA REGARDING  
EXISTING SEVERANCE TAX EXEMPTIONS**

WHEREAS, Louisiana Constitution Article VII § 4 provides that one-fifth (20%) of the total State severance tax on minerals is to be distributed to the parish where the mineral production occurred; and

WHEREAS the Louisiana Constitution and Revised Statutes prescribe distribution amounts and allocations of severance tax revenues to parish governments; and

WHEREAS, prior to July 1, 2015, Louisiana Revised Statutes provided a 100% exemption from severance tax for oil and gas produced from horizontally drilled wells, for the earlier of 24 months or until well costs are paid out; and

WHEREAS, in 2015, the Louisiana Legislature passed Act 120 concerning Horizontally Drilled Wells and Horizontally Drilled Recompletion Wells for oil and natural gas for which production occurs on or after July 1, 2015; and

WHEREAS, Act 120 amended Louisiana Revised Statute 47:633 (Rates of Tax) to provide additional tiered severance tax exemptions based on the average New York Mercantile Exchange Price per barrel of crude oil or per million BTU for natural gas; and

WHEREAS, R.S. 47:633 (7)(d)(i)(aa) provides for a 100 percent severance tax exemption for oil if the price established by the Department of Revenue is at or below seventy dollars per barrel; and R.S. 47:633 (7)(d)(ii)(aa) provides for a 100 percent severance tax exemption for natural gas if the price established by the Department of Revenue is at or below four dollars and fifty cents per million BTU; and

WHEREAS, at the time Act 120 was passed the average price per barrel of oil for the twelve-months ending March 31, 2015 was \$80.48, having a peak of \$105.15 in June of 2014, and falling to \$59.29 in December of 2014 and further falling to \$47.85 in March of 2015; and

WHEREAS, at the time Act 120 was passed the average price per million BTU of natural gas for the twelve-months ending March 31, 2015, was \$3.92, having a peak of \$4.79 in May of 2014 and falling to \$2.89 in March of 2015; and

WHEREAS, the average New York Mercantile Exchange Price per barrel of crude oil and per million BTU for natural gas has not exceeded the minimum taxable amount as set forth in R.S. 47:633 (Rates of Tax) since the tiered exemptions went into effect; and

WHEREAS, the effect of Act 120 was to eliminate the collection of severance tax for minerals severed through production from a horizontally drilled or recompleted well; and

WHEREAS, numerous refund claims filed by Oil and Gas Producers have put the State of Louisiana in a negative net severance tax collection position for Lincoln Parish in excess of \$24 Million Dollars and the Lincoln Parish Police Jury in a position that no severance tax has been received from the State of Louisiana; and

WHEREAS, all parishes that receive severance tax monies are at risk of losing severance tax revenues from the incentives provided by R.S. 47:633 (Rates of Tax);

NOW, THEREFORE, BE IT RESOLVED by the Lincoln Parish Police Jury, in due, regular and legal session convened, that it urges and requests the assistance of its Legislative Delegation and the Police Jury Association of Louisiana to seek relief through a change in legislation regarding severance tax exemptions and their detrimental impact on parish government.

BE IT FURTHER RESOLVED that this resolution be forwarded to the Lincoln Parish Legislative Delegation and the Police Jury Association of Louisiana.