

NOTICE OF INTENT

Department of Revenue Policy Services Division

Oilfield Site Restoration Fee (LAC 61:I.5301)

Under the authority of R.S. 30:87 and 47:1511 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, proposes to amend LAC 61:I.5301 to change the oilfield site restoration fee due dates to the same due dates for oil and gas severance tax.

Acts 2005, No. 446 amended R.S. 47:635(A) and 640(A), relative to the severance tax on oil and gas, to extend the tax return and payment due dates. Oil and gas severance tax returns previously due on the last day of the month following the month to which the tax applies or the fifteenth day of the second month following the month to which the tax applies are now due on the twenty-fifth day of the second month following the month to which the tax applies. The extended due dates are effective for tax periods beginning on or after October 1, 2005.

Since the oilfield site restoration fee imposed by R.S. 30:87 is based on the same production of gas, oil, and condensate that is taxed by the state's severance tax laws, changing the due dates to be consistent with the severance tax due dates will aid taxpayers in the administration and payment of the fee.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 53. Miscellaneous Fees

§5301. Oilfield Site Restoration Fee

A. The Department of Revenue is responsible for collection of the oilfield site restoration fee imposed on the production of gas, oil, and condensate.

1. The fee shall be assessed on the same production that is taxed by the state's severance tax laws.

2. An annual fee, administered and collected by the Office of Conservation, is also imposed on nonproducing wells located within the state, except for temporarily abandoned or saltwater disposal wells in stripper fields.

B. Definitions. For the purposes of this Section, the following terms are defined.

Condensate—liquid hydrocarbons recovered by initial separation from a well classified as a gas well by the Office of Conservation or recovered from gas streams at drip points, plant inlet scrubbers, compressors, dehydrators, and metering stations.

Gas—gaseous phase hydrocarbons recovered by separation from either an oil well or gas well.

Oil—liquid hydrocarbons recovered by ordinary production methods from a well classified as an oil well by the Office of Conservation.

Operator of Record—the operator of record according to the Office of Conservation records.

Secretary—the Secretary of the Department of Revenue.

C. Due Dates and Delinquent Dates. The oilfield site restoration fee on gas, oil, and condensate is due quarterly on or before the twenty-fifth day of the second month following the quarter period and will be delinquent after this

date and subject to interest, penalties, and costs as provided in Chapter 18, Subtitle II of Title 47.

D. Suspension and Reinstatement of the Fees

1. The state treasurer will certify to the secretary when the Oilfield Site Restoration Fee fund equals or exceeds \$10 million. The secretary will notify all parties who are remitting the fee to cease payment of the fee on a specific date. All fees collected up to that date will be remitted on or before the first day of the second month following the date specified.

2. The state treasurer will certify to the secretary when the Oilfield Site Restoration Fee fund has fallen below \$6 million. The secretary will notify all parties who are registered to collect and remit the fee to resume collection and payment of this fee starting with a specific date. The resumption date and fee due date will be specified on the notice.

E. Reports and Payment of the Fees

1. All returns and reports shall be made on forms prescribed by the secretary and furnished by the Department of Revenue, or on similar forms that have been approved for use by the secretary. Returns and reports shall be completed and filed in accordance with instructions issued by the secretary.

2. Any person who severs, purchases, or processes gas, oil, distillate, condensate, or similar natural resources is required to furnish information necessary for the proper enforcement and verification of the fees levied in R.S. 30:87.

3. Every operator of record of producing oil and gas wells must submit a return and make payments of the fees imposed by R.S. 30:87. Purchasers of oil and gas may make payment for the operator of record and their respective working-interest owners.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:87.

HISTORICAL NOTE: Promulgated by the Department of Revenue and Taxation, Severance Tax Division, LR 20:2 (February 1994), amended LR 23:78 (January 1997), LR 32:

Family Impact Statement

This Family Impact Statement is provided as required by Act 1183 of the 1999 Regular Session of the Louisiana Legislature.

1. Implementation of this proposed Rule will have no effect on the stability of the family.

2. Implementation of this proposed Rule will have no effect on the authority and rights of parents regarding the education and supervision of their children.

3. Implementation of this proposed Rule will have no effect on the functioning of the family.

4. Implementation of this proposed Rule will have no effect on family earnings and family budget.

5. Implementation of this proposed Rule will have no effect on the behavior and personal responsibility of children.

6. Implementation of this proposed Rule will have no effect on the ability of the family or a local government to perform this function.

Interested persons may submit data, views, or arguments, in writing to Nancy Beverly, Revenue Tax Research Analyst, Policy Services Division, Department of Revenue, P.O. Box 44098, Baton Rouge, LA 70804-4098 or by fax to (225) 219-2759. All comments must be submitted by 4:30 p.m., Wednesday, May 24, 2006. A public hearing will be held on Thursday, May 25, 2006, at 1 p.m. in the River Room on the

Seventh Floor of the LaSalle Building at 617 North Third Street, Baton Rouge, LA 70802-5428.

Cynthia Bridges
Secretary

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES
RULE TITLE: Oilfield Site Restoration Fee**

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

These proposed amendments change the oilfield site restoration fee due dates to the same due dates as for the oil and gas severance taxes.

Implementation of these proposed amendments will have no impact of the agency's costs. The proposed amendments will have no costs or savings to local governmental units.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

These proposed amendments, which change the oilfield site restoration fee due dates to the same due dates for oil and gas severance tax, will have negligible impact on the Oilfield Site Restoration Fund revenues. The amendments will result in a 25-day extension for oil taxpayers and a 10-day extension for gas taxpayers.

Historically, the department has collected approximately \$6 million annually in oilfield site restoration fees, all of which is deposited in the Oilfield Site Restoration Fund. The fund will have a negligible reduction in interest earnings due to the fee due date extension. These proposed amendments will have no effect on the revenue collections of local governmental units.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

These proposed amendments will allow persons engaged in the production of gas, oil, and condensate an additional 10-25 days to file and pay their oilfield site restoration fees. This should result in administrative savings and negligible interest earnings for the use of the funds for the additional time.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

These proposed amendments will have no effect on competition or employment.

Cynthia Bridges
Secretary
0604#049

Robert E. Hosse
Staff Director
Legislative Fiscal Office