



Revenue Information Bulletin No. 03-012
May 1, 2003
Severance Tax

Natural Gas Severance Tax Rate Effective July 1, 2003

The natural gas severance tax rate effective July 1, 2003, through June 30, 2004, has been set at 17.1 cents per thousand cubic feet (MCF) measured at a base pressure of 15.025 pounds per square inch absolute and at the temperature base of 60 degrees Fahrenheit.

This tax rate is set each year by multiplying the natural gas severance tax base rate of 7 cents per MCF by the “gas base rate adjustment” determined by the Secretary of the Department of Natural Resources in accordance with La. R.S. 47:633(9)(d)(i). The “gas base rate adjustment” is a fraction of which the numerator is the average of the monthly spot market price of gas fuels delivered into the pipelines in Louisiana as reported by Dynergy Inc. (formerly Natural Gas Clearing House) and the New York Mercantile Exchange (NYMEX) Henry Hub settled price for the previous 12-month period ending March 31, and the denominator is the average of the monthly spot market price of gas fuels delivered into the pipelines in Louisiana as reported by the Natural Gas Clearing House for the 12-month period ending March 31, 1990.

Based on this computation, the Secretary of the Department of Natural Resources has determined the natural gas severance “gas base rate adjustment” for April 1, 2002 through March 31, 2003, to be 244.90 percent. Applying this gas base rate adjustment to the base tax rate of 7 cents per MCF produces a tax rate of 17.1 cents per MCF effective July 1, 2003, through June 30, 2004. The reduced natural gas severance tax rates provided for in La. R.S. 47:633(9)(b) and (c) remain the same.

Revised reporting forms will be distributed as soon as they are available. Questions concerning the natural gas severance tax rate should be directed to Carl Reilly, Director, Severance Tax Division, at (225) 219-2476.

Cynthia Bridges
Secretary

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