

Revenue Information Bulletin No. 16-031
May 10, 2016
Severance Tax

Natural Gas Severance Tax Rate Effective July 1, 2016 through June 30, 2017

The natural gas severance tax rate effective July 1, 2016 through June 30, 2017 has been set at 9.8 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 R.S. 47:633(9)(d)(i). The “gas base rate adjustment” is a fraction, of which the numerator is the average of the New York Mercantile Exchange (NYMEX) Henry Hub settled price on the last trading day for the month, as reported in the Wall Street Journal for the previous 12-month period ending on March 31, and the denominator is the average of the monthly average spot market prices 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 (1.7446 \$/MMBTU).

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, 2015, through March 31, 2016, to be 1.3992 percent. Applying this gas base rate adjustment to the base tax rate of 7 cents per MCF produces a tax rate of 9.8 cents per MCF effective July 1, 2016, through June 30, 2017. The reduced natural gas severance tax rates provided for in R.S. 47:633(9)(b) and (c) remain the same.

Questions concerning the natural gas severance tax rate should be directed by email to Policy.Publications@La.gov.

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Secretary