



June 8 Update

Snapshot

The Public Affairs Research Council of Louisiana

PAR Snapshot

*Oil and Natural Gas Prices Rising
COVID Hospitalizations Increasing*

Mineral Prices Following the Pandemic & Global Market Instability

Oil prices per barrel have spiked higher than in the years prior to the COVID-19 pandemic.

[West Texas Intermediate](#) (WTI) was \$118.57 per barrel on June 6. According to Macrotrends, the previous high was in summer of 2014.

WTI refers to a specific grade of crude oil mainly produced in Texas and one of the main three benchmarks in oil pricing. This grade acts as a reference for buyers and sellers of crude oil. WTI is commonly understood as the "price of oil" in the United States.

WTI Crude Oil Prices (\$ per barrel)



Source: Macrotrends

The WTI price dropped \$47.44 per barrel in two months at the beginning of the pandemic's lockdown because of low demand. Oil producers, who were making reduced profits, subsequently closed their pumps, which set the stage for lower production capability.

Following economic recovery after the recession, many oil producers are struggling to meet the demand that is outpacing their gradually recovering production capability for a variety of reasons. The price per barrel has since skyrocketed and reached similar prices to the Great Recession of 2008.

Economic sanctions on Russian crude oil imports in response to the invasion of Ukraine are further compounding the recent volatility.

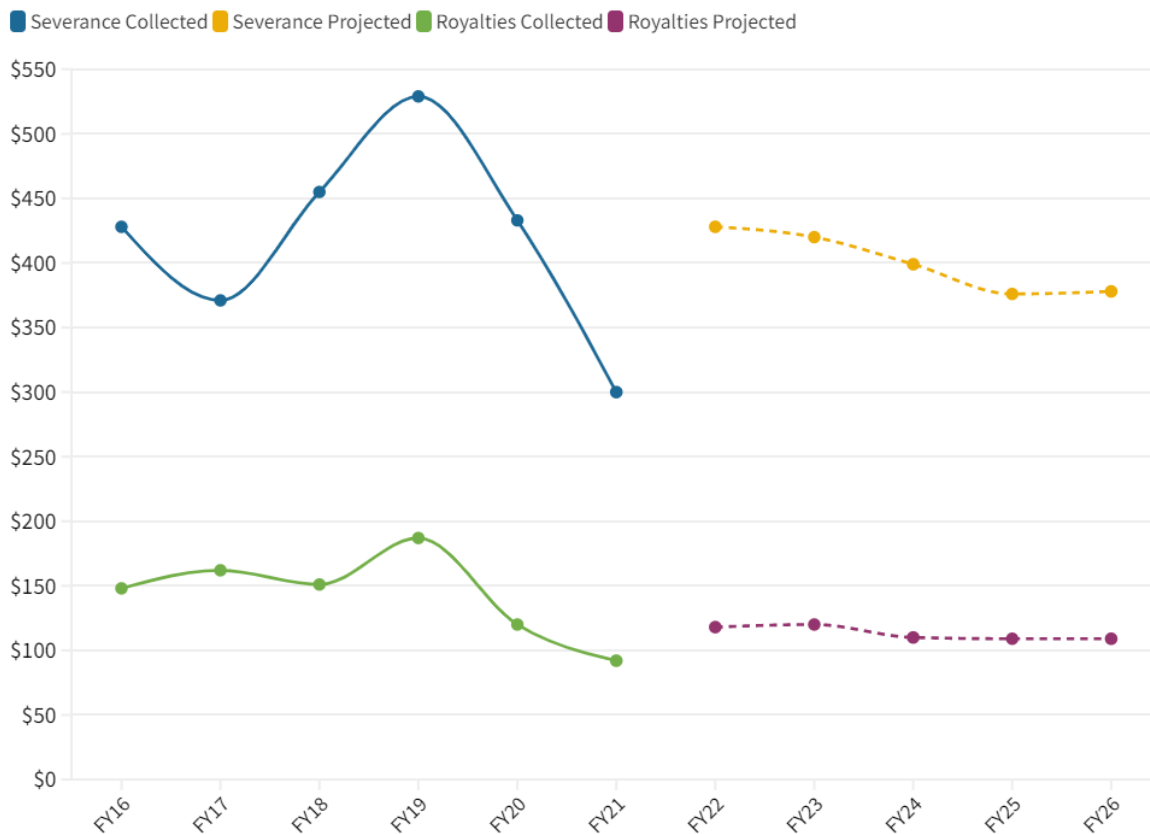
Severance Tax and Oil Royalties

Louisiana collected roughly \$324 million less in severance taxes and oil royalties in the 2020-21 budget year compared to 2018-19 because of the pandemic.

A [severance tax](#) is imposed on the extraction of non-renewable natural resources, such as oil and natural gas. Severance tax rates vary from state to state. Louisiana's oil severance tax rate is 12.5% of value per barrel of 42 gallons, according to the Department of Revenue.

An [oil royalty](#) is a payment received for the percentage ownership of the sale of oil produced on state lands. The royalty amount is agreed upon between the mineral rights landowner and the oil producer in a mineral rights lease.

Louisiana Oil and Natural Gas Tax Collections (in millions)



Source: Louisiana Revenue Estimating Conference

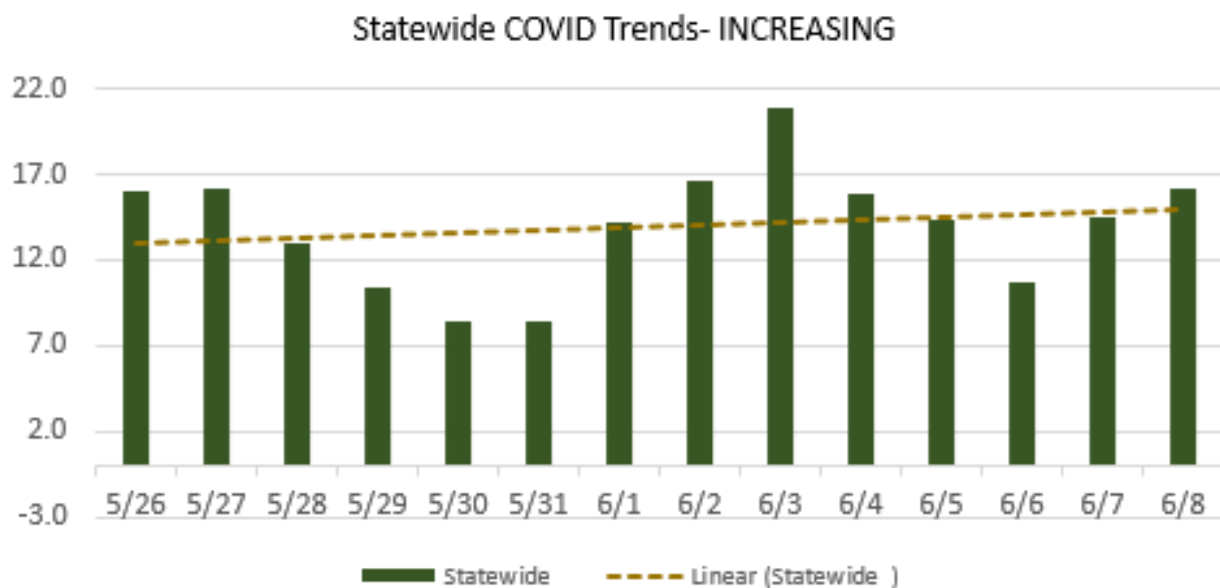
Oil and gas severance taxes and royalties are projected to account for about 4% of Louisiana's total tax collections in the 2021-22 budget year, an amount much smaller than in previous decades.

The projected tax revenue is similar to pre-pandemic levels, but there is uncertainty about future projections due to the current instability of the global oil market.

COVID-19 Update

Hospitalizations Above 200
Test Positivity at 8.4%
712 New Confirmed Cases | 1 New Confirmed Death

The Louisiana Department of Health reported 712 confirmed cases out of 8,494 tests on June 8. The three-day positivity rate was 9.9%. There are approximately 5.31 patients in Louisiana hospitals with COVID-19 per 100,000 residents. The LDH reported one confirmed death.



Confirmed cases continue falling statewide.

The graphs in this report show the number of new cases per 100,000 residents over a 14-day period, which is a method used by the state. By calculating the cases according to population in this way, the results from region to region are easier to compare to determine the severity of the outbreak.

Region	14 Day Look-Back (3 Day Average)		
	6/6/2022	6/7/2022	6/8/2022
Orleans	▼	▼	▼
Capital	▲	▲	▲
Bayou	▲	▲	▲
Lafayette	—	—	▲
Lake Charles	▲	▲	▲
Central	▲	—	—
Shreveport	▲	▲	▲
Monroe	▲	▲	▲
Northshore	—	—	—
Statewide	▲	▲	▲



PAR uses an average of new cases over a three-day period to smooth out irregularities that could be related to reporting inconsistencies (LDH also uses multiple-day averaging). Then, a statistically derived trendline – in the form of a straight line – is fitted to the data to gauge whether cases are increasing, decreasing or have reached a plateau, according to the CDC definition for each.

These figures are based only on known cases. Some studies indicate that the number of people who have carried COVID-19 is far greater than the number who have taken the test and shown a positive result. An unknown but potentially large number of people have been infected but are asymptomatic and have not been tested. Others have taken at-home tests, and their positive results haven't necessarily been reported to the state.

Special thanks to the Union Pacific Foundation for supporting PAR's Louisiana Recovery Project.

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