

HOUSE BILL NO. HB0243

Oil and gas tax-new production.

Sponsored by: Representative(s) Burkhardt, Harshman and
Sommers

A BILL

for

1 AN ACT relating to mine product taxes; providing an
2 additional tax on crude oil and natural gas in specified
3 price environments and for specified periods; specifying
4 the distribution of the additional tax; providing an
5 exemption for production of crude oil and natural gas in
6 specified price environments and for specified periods;
7 providing limitations on the exemption; and providing for
8 an effective date.

9

10 *Be It Enacted by the Legislature of the State of Wyoming:*

11

12 **Section 1.** W.S. 39-14-204(a)(iv) and by creating a
13 new subsection (b), 39-14-205 by creating new subsections
14 (n) and (o) and 39-14-211(a) are amended to read:

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1 **39-14-204. Tax rate.**

2

3 (a) Except as otherwise provided by this section and
4 W.S. 39-14-205, the total severance tax on crude oil, lease
5 condensate or natural gas shall be six percent (6%),
6 comprising one and one-half percent (1.5%) imposed by the
7 Wyoming constitution article 15, section 19 and the
8 remaining amount imposed by Wyoming statute. The tax shall
9 be distributed as provided in W.S. 39-14-211 and is imposed
10 as follows:

11

12 (iv) Two percent (2%) except as provided in W.S.
13 39-14-204(n) and subsection (b) of this section.

14

15 (b) In addition to the tax under subsection (a) of
16 this section, crude oil and natural gas production for
17 which drilling is commenced on or after July 1, 2020 and
18 prior to December 31, 2025 as certified by the oil and gas
19 conservation commission, shall be subject to an additional
20 tax of two percent (2%). The additional tax under this
21 subsection shall be distributed as provided in W.S.
22 39-14-211 and shall otherwise be administered as if the tax
23 under paragraph (a)(iv) was four percent (4%) and the total

1 tax under subsection (a) of this section was eight percent
2 (8%). Subject to W.S. 39-14-205(o), the additional tax
3 under this subsection shall only apply to natural gas
4 production when the twelve (12) month rolling average of
5 the Henry hub spot price for natural gas is three dollars
6 and fifty cents (\$3.50) or more per thousand cubic feet at
7 the time of first production from the well and shall only
8 apply to the production of crude oil when the twelve (12)
9 month rolling average of the West Texas Intermediate (WTI)
10 spot price of sweet crude oil is seventy dollars (\$70.00)
11 or more per barrel at the time of first production from the
12 well. If the additional tax under this subsection is
13 applicable to a new well based upon the oil or gas price at
14 the time of first production, the tax shall remain in
15 effect for twenty-four (24) consecutive months from the
16 time of first production.

17

18 **39-14-205. Exemptions.**

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20 (n) Crude oil and natural gas production resulting
21 from any well that is drilled on or after July 1, 2020 and
22 prior to December 31, 2025 as certified, by the oil and gas
23 conservation commission, is exempt from the severance taxes

1 imposed by W.S. 39-14-204(a)(iv) as provided in this
2 subsection. Subject to subsection (o) of this section, the
3 exemption under this subsection shall not apply to natural
4 gas production when the twelve (12) month rolling average
5 of the Henry hub spot price for natural gas is two dollars
6 and ninety-five cents (\$2.95) or more per thousand cubic
7 feet at the time of first production from the well and
8 shall not apply to the production of crude oil when the
9 twelve (12) month rolling average of the West Texas
10 Intermediate (WTI) spot price of sweet crude oil is fifty
11 dollars (\$50.00) or more per barrel at the time of first
12 production from the well. If the exemption under this
13 subsection is applicable to a new well based upon the oil
14 or gas price at the time of first production, the exemption
15 shall be an exemption of the full two percent (2%) tax rate
16 under W.S. 39-14-204(a)(iv) for the first six (6) months of
17 production and shall reduce the rate under W.S.
18 39-14-204(a)(iv) to one percent (1%) for the next six (6)
19 months of production.

20

21 (o) In determining the exemption under subsection (n)
22 of this section and the tax under W.S. 39-14-204(b), the
23 department shall use the twelve (12) month rolling average

1 based on the monthly average of daily spot prices for West
2 Texas Intermediate (WTI) per barrel of oil and the monthly
3 average of daily spot prices for Henry hub per thousand
4 cubic feet of natural gas for the twelve (12) month period
5 immediately preceding first production from the well. The
6 department shall post the most recent monthly average and
7 the twelve (12) month rolling average for the calculated
8 prices on its website. Not later than November 1 of each
9 year, the department shall report to the joint revenue
10 interim committee on the use of the exemptions under
11 subsection (n) of this section, and associated revenue
12 impacts.

13

14 **39-14-211. Distribution.**

15

16 (a) The state treasurer shall transfer the revenue
17 collected from the severance tax imposed by W.S.
18 39-14-204(a)(i) into the permanent Wyoming mineral trust
19 fund. The state treasurer shall transfer the revenue
20 collected from the severance tax imposed by W.S.
21 39-14-204(a)(ii), (iii) and (iv) into the severance tax
22 distribution account. The state treasurer shall transfer

1 the revenue collected from the severance tax imposed by
2 W.S. 39-14-204(b) as follows:

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4 (i) Fifty percent (50%) to the common school
5 account within the permanent land fund;

6

7 (ii) Twenty-five percent (25%) to the school
8 foundation program reserve account;

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10 (iii) Twenty-five percent (25%) to the
11 legislative stabilization reserve account.

12

13 **Section 2.** This act is effective July 1, 2020.

14

15

(END)