

Bill No.: HB0189 **Effective:** **Multiple Dates**
LSO No.: 21LSO-0288
Enrolled Act No.: HEA No. 0090
Chapter No.: 156
Prime Sponsor: Hunt
Catch Title: **Mine product taxes for natural gas consumed on-site.**
Subject: Clarifying the applicability of severance taxes for natural gas consumed on-site.

Summary/Major Elements:

- Under current law, natural gas that is vented and flared on-site, that is reinjected or consumed before sale to maintain, treat, or transport crude oil or natural gas, or that is consumed before sale to treat by-product water is exempt from severance taxes.
- This act provides that natural gas that is consumed for any other purpose is subject to severance taxes.
- The act clarifies that natural gas that is consumed on-site and would have been vented and flared is exempt from taxation as long as the gas comes from a qualifying well, which is a well in which: (1) a well site is already connected to a pipeline, but the pipeline lacks takeaway capacity; (2) a producer's well is not connected to an existing pipeline but the producer's lands are dedicated to a pipeline operator; or (3) a producer's well is not connected to an existing pipeline but is not contractually dedicated, and the producer files an attestation to that.
- The act requires the Department of Revenue to adopt rules to implement the changes in this act.

Comments:

- The act is effective on January 1, 2022, but the rulemaking authority is effective immediately.

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