

SENATE FILE NO. SF0064

Mineral royalties-proportional severance tax refunds.

Sponsored by: Select Federal Natural Resource Management  
Committee

A BILL

for

1 AN ACT relating to severance taxes; establishing severance  
2 tax refunds for specified oil, gas and coal severance taxes  
3 based on increased federal mineral royalty rates;  
4 authorizing the transfer of government royalty revenue as  
5 specified; providing for distribution of the state's share  
6 of specified federal mineral royalties; providing for  
7 severance tax and ad valorem distributions from federal  
8 mineral royalties as specified; requiring rulemaking;  
9 providing an appropriation; and providing for effective  
10 dates.

11

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

13

14 **Section 1.** W.S. 9-4-601 by creating a new subsection  
15 (o), 39-13-111 by creating a new subsection (e),

1 39-14-109(c) by creating a new paragraph (iv), 39-14-209(c)  
2 by creating a new paragraph (iv) and 39-14-801 by creating  
3 a new subsection (m) are amended to read:

4

5 **9-4-601. Distribution and use; funds, accounts,**  
6 **cities and towns benefited; exception for bonus payments.**

7

8 (o) Notwithstanding the distribution requirements  
9 imposed under this section, beginning calendar year 2025  
10 and each year thereafter, the state treasurer shall  
11 transfer funds from the account created by subsection (a)  
12 of this section to the severance tax distribution account  
13 created by W.S. 39-14-801(a) in the amounts specified in  
14 this subsection in accordance with the following:

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16 (i) There shall be a transfer to the severance  
17 tax distribution account in an amount equal to the funds  
18 necessary to provide the severance tax refunds authorized  
19 by W.S. 39-14-109(c)(iv) and 39-14-209(c)(iv);

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21 (ii) The amount calculated in paragraph (i) of  
22 this subsection shall be multiplied by sixteen and  
23 sixty-seven hundredths percent (16.67%), the product of

1 which shall be added to the funds otherwise transferred  
2 under this subsection and separately distributed in  
3 accordance with W.S. 39-14-801(b) through (e);

4  
5 (iii) An amount equal to the amount calculated  
6 under W.S. 39-13-111(e) shall be added to the funds  
7 otherwise transferred under this subsection and separately  
8 distributed in accordance with W.S. 39-13-111;

9  
10 (iv) Before the state treasurer transfers any  
11 funds required to be transferred under this subsection, the  
12 department of revenue shall certify to the state treasurer  
13 the funds necessary to provide:

14  
15 (A) The severance tax refunds specified in  
16 W.S. 39-14-109(c)(iv) and 39-14-209(c)(iv);

17  
18 (B) The amount calculated under paragraph  
19 (ii) of this subsection for distribution under W.S.  
20 39-14-801(b) through (e);

21

1                   (C) The amount calculated under paragraph  
2 (iii) of this subsection and W.S. 39-13-111(e) for  
3 distribution under W.S. 39-13-111.

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5           **39-13-111. Distribution.**

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7           (e) The department shall calculate an amount equal to  
8 the reduced ad valorem taxable value that results from any  
9 increase in federal mineral royalty rate percentage under  
10 W.S. 9-4-601 and refunds issued under W.S. 39-14-109(c)(iv)  
11 and 39-14-209(c)(iv). The department shall then multiply  
12 that amount by the mill levy established in September of  
13 the year following the applicable production year  
14 associated with the increased royalty rate. The department  
15 shall distribute from separately accounted funds in the  
16 severance tax distribution account under W.S. 39-14-801(m)  
17 to the county treasurer the amount calculated under this  
18 subsection for distribution in accordance with this  
19 section.

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21           **39-14-109. Taxpayer remedies.**

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23           (c) Refunds. The following shall apply:

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(iv) Beginning with mineral production taking place on and after January 1, 2025, the taxpayer is entitled to receive a monetary refund on a per property basis in an amount specified under this paragraph of a portion of severance taxes paid under W.S. 39-14-104(a)(ii) through (vi) on surface coal mined from the federal mineral estate or paid under W.S. 39-14-104(b)(ii) and (iii) on underground coal mined from the federal mineral estate in the immediately preceding year. The refund shall be in accordance with the following:

(A) The refund shall be in an amount equal to the amount of:

(I) Any increased royalty levied against taxpayers as a result of any cumulative increase in the federal mineral royalty rate percentage from the percentage in place as of July 1, 2021 imposed on surface coal and underground coal in accordance with 30 U.S.C. 207 or as prescribed by rule under 43 C.F.R. 3473.3-2, multiplied by the gross percentage share of the state under

1 30 U.S.C. 191(a) after deducting the mandatory  
2 administrative costs imposed under 30 U.S.C. 191(b); and

3  
4 (II) The amount determined in  
5 subdivision (I) of this subparagraph multiplied by  
6 seventy-five percent (75%) to approximate the reduced value  
7 of the gross product resulting from the increase in the  
8 federal mineral royalty rate percentage.

9  
10 (B) The refund determined in subparagraph  
11 (A) of this paragraph shall not exceed the total annual  
12 severance tax liability for the taxpayer under W.S.  
13 39-14-104(a)(ii) through (vi) on surface coal and under  
14 W.S. 39-14-104(b)(ii) and (iii) on underground coal;

15  
16 (C) The burden shall be on the taxpayer to  
17 establish the amount of any refund due under this  
18 paragraph;

19  
20 (D) The taxpayer shall apply for the refund  
21 authorized under this paragraph annually on or before July  
22 1 of the year immediately following the year of mineral  
23 production on a form prescribed by the department. The

1 department shall by rule prescribe procedures and other  
2 applicable timelines under which a taxpayer who is eligible  
3 to receive a refund under this paragraph may apply for and  
4 receive the refund;

5  
6 (E) Upon receipt of an application and  
7 review by the department that a taxpayer is eligible for a  
8 refund under this paragraph, the department shall issue the  
9 refund to the taxpayer.

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11 **39-14-209. Taxpayer remedies.**

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13 (c) Refunds. The following shall apply:

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15 (iv) Beginning with mineral production taking  
16 place on and after January 1, 2025, the taxpayer is  
17 entitled to receive a monetary refund on a per property  
18 basis in an amount specified under this paragraph of a  
19 portion of severance taxes paid under W.S. 39-14-204(a)(ii)  
20 through (iv) on crude oil, lease condensate or natural gas  
21 produced from the federal mineral estate in the immediately  
22 preceding year. The refund shall be in accordance with the  
23 following:

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(A) The refund shall be in an amount equal to the amount of:

(I) Any increased royalty levied against taxpayers as a result of any cumulative increase in the federal mineral royalty rate percentage from the percentage in place as of July 1, 2021 imposed on crude oil, lease condensate or natural gas in accordance with 30 U.S.C. 226 or as prescribed by rule under 43 C.F.R. 3103.3-1, multiplied by the gross percentage share of the state under 30 U.S.C. 191(a) after deducting the mandatory administrative costs imposed under 30 U.S.C. 191(b); and

(II) The amount determined in subdivision (I) of this subparagraph multiplied by seventy-five percent (75%) to approximate the reduced value of the gross product resulting from the increase in the federal mineral royalty rate percentage.

(B) The refund determined in subparagraph (A) of this paragraph shall not exceed the total annual



1 severance tax liability for the taxpayer under W.S.  
2 39-14-204(a)(ii) through (iv);

3  
4 (C) The burden shall be on the taxpayer to  
5 establish the amount of any refund due under this  
6 paragraph;

7  
8 (D) The taxpayer shall apply for the refund  
9 authorized under this paragraph annually on or before July  
10 1 of the year immediately following the year of mineral  
11 production on a form prescribed by the department. The  
12 department shall by rule prescribe procedures and other  
13 applicable timelines under which a taxpayer who is eligible  
14 to receive a refund under this paragraph may apply for and  
15 receive the refund;

16  
17 (E) Upon receipt of an application and  
18 review by the department that a taxpayer is eligible for a  
19 refund under this paragraph, the department shall issue the  
20 refund to the taxpayer.

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22 **39-14-801. Severance tax distributions; distribution**  
23 **account created; formula.**

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2       (m) Notwithstanding the distribution requirements  
3 imposed under subsections (b) through (e) of this section,  
4 funds transferred into the severance tax distribution  
5 account as provided by W.S. 9-4-601(o) to provide the  
6 severance tax refunds authorized by W.S. 39-14-109(c)(iv)  
7 and 39-14-209(c)(iv) and to provide distributions under  
8 this section and W.S. 39-13-111(e) shall be accounted for  
9 separately and are continuously appropriated to the  
10 department of revenue for the purpose of funding the  
11 taxpayer refunds authorized by W.S. 39-14-109(c)(iv) and  
12 39-14-209(c)(iv) and for distribution under this section  
13 and W.S. 39-13-111(e). Beginning September 1, 2026 and on  
14 September 1 of each year thereafter, the department of  
15 revenue shall annually report to the joint revenue interim  
16 committee on the number of taxpayer refund applicants and  
17 the number and amount of refunds provided under W.S.  
18 39-14-109(c)(iv) and 39-14-209(c)(iv) and the amounts  
19 separately accounted for and distributed under this section  
20 and W.S. 39-13-111(e).

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22       **Section 2.** The department of revenue shall promulgate  
23 all rules necessary to implement this act.

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2           **Section 3.** There is appropriated three hundred  
3 sixty-eight thousand dollars (\$368,000.00) from the general  
4 fund to the department of revenue for the period beginning  
5 with the effective date of this section and ending June 30,  
6 2025 to be expended only for purposes of implementing this  
7 act. This appropriation shall not be transferred or  
8 expended for any other purpose and any unexpended,  
9 unobligated funds remaining from this appropriation shall  
10 revert as provided by law on June 30, 2025.

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12           **Section 4.**

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14           (a) Except as provided in subsection (b) of this  
15 section, this act is effective immediately upon completion  
16 of all acts necessary for a bill to become law as provided  
17 by Article 4, Section 8 of the Wyoming Constitution.

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19           (b) Section 1 of this act is effective January 1,  
20 2025.

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(END)