FISCAL NOTE

This bill contains an appropriation of $10,000,000 from the LEGISLATIVE STABILIZATION RESERVE ACCOUNT (LSRA) to the proposed Enhanced Oil Recovery Stimulus Account (EORSA) for the purpose of providing stimulus payments for enhanced oil recovery stimulus established in the bill. If there is no expenditure of any funds from the proposed EORSA before July 1, 2034, then all funds in the proposed EORSA shall revert to the to the LSRA on July 1, 2034.

Any carbon dioxide provider may apply for and receive an enhanced oil recovery stimulus for carbon dioxide used in the enhanced oil and gas recovery production of crude oil and natural gas, subject to the following qualifications:

- The captured carbon dioxide shall be captured through carbon capture, utilization and storage technology.
- The carbon dioxide provider shall sell, deliver or provide the captured carbon dioxide for use in enhanced oil and gas recovery projects in Wyoming.
- The crude oil and natural gas produced from enhanced oil and gas recovery shall be produced using carbon dioxide originating in Wyoming.
- The carbon capture, utilization and storage technology and the carbon dioxide used in the enhanced oil and gas recovery production shall qualify for the federal tax credit available for carbon oxide sequestration under 26 U.S.C. 45Q, as amended as of January 1, 2023.
- The carbon dioxide provider shall qualify for and receive the federal tax credit under 26 U.S.C. 45Q before receiving the stimulus.
- Subject to available funding, the stimulus shall be $10.00 per ton of carbon dioxide that the carbon dioxide provider sells, delivers or provides for use in enhanced oil and gas recovery, and is stored through the enhanced oil and gas recovery production.
- The stimulus shall be available to a carbon dioxide provider until the date that the carbon dioxide provider is no longer eligible for the federal tax credit under 26 U.S.C. 45Q.
- The stimulus shall be paid from funds in the proposed EORSA, subject to available funds within the proposed account.

By August 1, 2025 and each August 1 thereafter, the Department of Revenue (DOR) shall report on the severance taxes remitted under W.S. 39-14-204(a)(iv), plus one-half of the severance tax remitted under W.S. 39 14 204(a)(iii) (3 percent of the total 6 percent severance tax), as a result of crude oil and natural gas produced using enhanced oil and gas recovery techniques and using captured carbon dioxide for which the stimulus is provided. Not later than September 1, 2025 and each September 1 thereafter, the State Auditor’s Office (SAO) shall transfer the amount of funds reported by the DOR for the immediately preceding fiscal year from the General Fund to the proposed EORSA until the proposed EORSA has a balance of $10 million. After the proposed EORSA has a balance of $10 million, any remaining funds shall be transferred to the LSRA. Transfers shall be made to the LSRA until a total of $10 million is transferred to the LSRA.

According to the Enhanced Oil Recovery Institute, it is very difficult to estimate potential future carbon capture volumes at this time, and it is too early to reasonably estimate volumes for specific projects that are yet to be confirmed. Current information indicates that carbon capture projects that would qualify for the proposed stimulus payments would begin five years in the future at minimum.

The fiscal impacts, in the form of stimulus payments from the proposed EORSA and increased expenditures from the General Fund to the proposed EORSA and to the LSRA are indeterminable, as the timing and quantity of future carbon capture volumes cannot be reasonably estimated at this time. The potential revenue increases in severance taxes and ad valorem taxes collected on increased oil and gas production resulting from future qualifying enhanced oil and gas recovery projects are also indeterminable at this time.

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