

HOUSE BILL NO. HB0120

Energy product reclassification and sovereignty act.

Sponsored by: Representative(s) Campbell, K

A BILL

for

1 AN ACT relating to administration of the government;
2 providing duties for the Wyoming energy authority;
3 providing for the establishment of industrial sovereign
4 zones to encourage the production of value-added
5 manufactured products using natural gas; providing
6 legislative findings; providing for certification of value-
7 added manufactured processes; providing for an expedited
8 licensing and permit process; providing tax exemptions;
9 making conforming amendments; and providing for an
10 effective date.

11

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

13

14 **Section 1.** W.S. 9-20-201 through 9-20-204 are created
15 to read:

16

1 ARTICLE 2

2 ENERGY PRODUCT RECLASSIFICATION AND SOVEREIGNTY ACT

3

4 **9-20-201. Legislative findings.**

5

6 (a) The legislature finds that:

7

8 (i) Hostile legislative mandates in other
9 jurisdictions constitutes an unconstitutional burden on
10 Wyoming's interstate commerce;

11

12 (ii) Wyoming possesses unique mineral wealth
13 that is subject to regional price suppression due to the
14 actions of other jurisdictions;

15

16 (iii) By converting natural gas into value-added
17 manufactured products in Wyoming, Wyoming can assert its
18 right to engage in global trade by the distribution of
19 products that can no longer be defined as fossil fuel
20 feedstocks.

21

22 **9-20-202. Definitions.**

23

1 (a) As used in this article:

2

3 (i) "Authority" means the Wyoming energy
4 authority;

5

6 (ii) "Manufactured product" or "value-added
7 manufactured product" means natural gas that undergoes
8 substantial molecular transformation in Wyoming to produce
9 a new product;

10

11 (iii) "Methane intensity" means the measure of
12 methane emissions relative to the natural gas that is
13 processed;

14

15 (iv) "Substantial molecular transformation"
16 includes, without limitation:

17

18 (A) The thermal decomposition of natural
19 gas into hydrogen and solid carbon, also known as methane
20 pyrolysis or turquoise hydrogen production;

21

1 (B) The conversion of natural gas and
2 nitrogen into anhydrous ammonia, also known as ammonia
3 synthesis or blue or turquoise ammonia production;
4

5 (C) Any other process that transforms
6 natural gas to produce hydrogen, ammonia or another
7 valuable product that is chemically distinct from methane
8 or from other gasses that are part of the natural gas
9 stream including carbon dioxide, nitrogen, hydrogen sulfide
10 and helium.
11

12 **9-20-203. Industrial sovereign zones.**
13

14 (a) The authority shall establish an industrial
15 sovereign zone in an area if the authority determines there
16 is an opportunity for the production and distribution of
17 value-added manufactured products due to a reduced price
18 paid for sales of natural gas in that area or other factors
19 determined by the authority. The authority shall determine
20 the area of the industrial sovereign zone which may include
21 all or any portion of the county or surrounding counties as
22 determined beneficial by the authority.
23

1 (b) For any industrial sovereign zone established
2 under subsection (a) of this section, the following shall
3 apply:

4
5 (i) Any person seeking to establish a facility
6 for the production of a value-added manufactured product in
7 the industrial sovereign zone:

8
9 (A) May apply to the authority for
10 assistance in establishing the facility including, without
11 limitation, identification and assistance in complying with
12 state licensing applications or requirements;

13
14 (B) Shall be eligible for the expedited
15 permit process as provided by W.S. 35-11-109(a)(xvi).

16
17 (ii) If a facility is established for the
18 production of a value-added manufactured product in the
19 zone, machinery sold or purchased for use in the facility
20 shall be eligible for the tax exemptions under W.S.
21 39-15-105(a)(viii)(O)(II) and 39-16-105(a)(viii)(D)(II);

22

1 (iii) Any producer of natural gas that is sold
2 to a facility established for the production of a
3 value-added manufactured product in the zone or that is
4 otherwise consumed for the production of a value-added
5 manufactured product in the zone shall be eligible for the
6 tax exemption under W.S. 39-14-205(q).

7

8 **9-20-204. Gold standard certification.**

9

10 (a) The authority shall establish standards of
11 certification for any value-added manufactured product that
12 is produced in Wyoming to promote the special attributes of
13 the manufactured product. The authority shall establish a
14 certification for any manufactured product that certifies
15 that the product is a gold standard Wyoming product if the
16 producer of the manufactured product demonstrates that the
17 product is produced with not more than two-tenths percent
18 (0.2%) methane intensity.

19

20 (b) The use of any certification standards
21 established under subsection (a) of this section by any
22 producer of a manufactured product shall be on a voluntary
23 basis. The authority may collect fees on an annual basis,

1 not exceeding the cost of administering the certification
2 program under subsection (a) of this section, from
3 producers participating in the voluntary certification
4 program. Any fees collected under this subsection may be
5 retained by the authority and shall only be expended to
6 administer the certification program under subsection (a)
7 of this section.

8
9 (c) The authority may suspend or revoke a
10 certification granted under this section if the recipient
11 of the certification fails to meet all of the requirements
12 adopted by the authority.

13
14 **Section 2.** W.S. 35-11-109(a) by creating a new
15 paragraph (xvi), 37-5-503 by creating a new subsection (k),
16 39-14-204(a)(iv), 39-14-205 by creating a new subsection
17 (q), 39-15-105(a)(viii)(O) and by creating new subdivisions
18 (IV) and (V) and 39-16-105(a)(viii)(D) and by creating new
19 subdivisions (IV) (V) are amended to read:

20
21 **35-11-109. Powers and duties of director.**
22

1 (a) In addition to any other powers and duties
2 imposed by law, the director of the department shall:

3
4 (xvi) Establish an expedited process to issue
5 all permits or licenses required under this act that are
6 necessary for the establishment or operation of a facility
7 for the production of a value-added manufactured product in
8 an industrial sovereign zone established under W.S.
9 9-20-203. The expedited process under this paragraph shall
10 provide for the issuance of a license or permit not later
11 than forty-five (45) days after the receipt of an
12 application, or as soon as practicable thereafter as
13 determined by rule of the department. If the facility is an
14 industrial facility as defined by W.S. 35-12-102(a)(vii),
15 the expedited process established under this paragraph
16 shall include the ability of the facility to apply for a
17 waiver under W.S. 35-12-107 if the facility meets the
18 requirements of that section.

19
20 **37-5-503. Purposes; report.**

21
22 (k) The authority shall administer the energy product
23 reclassification and sovereignty act as created by W.S.

1 9-20-201 through 9-20-204. The authority, consistent with
2 the purposes of this section, may take any action necessary
3 to encourage the production of value-added manufactured
4 products as defined in W.S. 9-20-202(a)(ii).

5
6 **39-14-204. Tax rate.**

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

16
17 (iv) Two percent (2%), except as provided in
18 W.S. 39-14-205(n) and (q).

19
20 **39-14-205. Exemptions.**

21
22 (q) Natural gas that is consumed in an industrial
23 sovereign zone established under W.S. 9-20-203 for the

1 production of a value-added manufactured product as defined
2 in W.S. 9-20-202(a)(ii) shall be exempt from the severance
3 taxes imposed by W.S. 39-14-204(a)(iv).

4
5 **39-15-105. Exemptions.**

6
7 (a) The following sales or leases are exempt from the
8 excise tax imposed by this article:

9
10 (viii) For the purpose of exempting sales of
11 services and tangible personal property as an economic
12 incentive, the following are exempt:

13
14 (O) The sale or lease of machinery to be
15 used in this state directly and predominantly in
16 manufacturing as follows:

17
18 (IV) Until December 31, 2042, the sale
19 or lease of machinery to be used in this state directly and
20 predominantly in manufacturing tangible personal property;

21
22 (V) The sale or lease of machinery to
23 be used in an industrial sovereign zone established under

1 W.S. 9-20-203 and used directly and predominantly in the
2 production of a value-added manufactured product as defined
3 in W.S. 9-20-202(a)(ii).

4
5 **39-16-105. Exemptions.**

6
7 (a) The following purchases or leases are exempt from
8 the excise tax imposed by this article:

9
10 (viii) For the purpose of exempting sales of
11 services and tangible personal property as an economic
12 incentive, the following are exempt:

13
14 (D) The purchase or lease of machinery to
15 be used in this state directly and predominantly in
16 manufacturing as follows:

17
18 (IV) Until December 31, 2042, the
19 purchase or lease of machinery to be used in this state
20 directly and predominantly in manufacturing tangible
21 personal property;

1 (V) The purchase or lease of machinery
2 to be used in an industrial sovereign zone established
3 under W.S. 9-20-203 and used directly and predominantly in
4 the production of a value-added manufactured product as
5 defined in W.S. 9-20-202(a)(ii).

6
7 **Section 3.** The Wyoming energy authority shall first
8 consider establishing an industrial sovereign zone under
9 W.S. 9-20-203(a) as created by section 1 of this act in the
10 area of the Opal natural gas hub if the Wyoming energy
11 authority determines that the price of natural gas that is
12 sold from the Opal natural gas hub is reduced compared to
13 other sales of natural gas in other areas of the United
14 States.

15
16 **Section 4.** This act is effective immediately upon
17 completion of all acts necessary for a bill to become law
18 as provided by Article 4, Section 8 of the Wyoming
19 Constitution.

20
21 (END)