

## 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:*

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

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1

## ARTICLE 2

2

## ENERGY PRODUCT RECLASSIFICATION AND SOVEREIGNTY ACT

3

4

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

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(a) The legislature finds that:

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

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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

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

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1 (a) As used in this article:

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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.

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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);

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7

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

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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:

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

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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.**

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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:

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

19

20       **39-14-205. Exemptions.**

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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.**

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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).

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

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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;

22

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)