

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Mineral royalties-proportional severance tax relief.

Sponsored by: Select Federal Natural Resource Management
Committee

A BILL

for

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

8

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

10

11 **Section 1.** W.S. 9-4-601 by creating a new subsection
12 (n), 39-14-109(c) by creating a new paragraph (iv),

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

3

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

6

7 (n) Notwithstanding the distribution requirements
8 imposed under this section, beginning calendar year 2023
9 and each year thereafter, the state treasurer shall
10 transfer funds from the account created by subsection (a)
11 of this section to the severance tax distribution account
12 created by W.S. 39-14-801(a) in an amount equal to the
13 funds necessary to provide the severance tax refunds
14 authorized by W.S. 39-14-109(c)(iv) and 39-14-209(c)(iv).
15 The department of revenue shall certify to the state
16 treasurer the funds necessary to provide the severance tax
17 refunds before the state treasurer transfers any funds
18 under this subsection.

19

20 **39-14-109. Taxpayer remedies.**

21

22 (c) Refunds. The following shall apply:

1
2 (iv) Beginning with mineral production taking
3 place on and after January 1, 2023, the taxpayer is
4 entitled to receive a monetary refund on a per property
5 basis in an amount specified under this paragraph of a
6 proportion of severance taxes paid under W.S.
7 39-14-104(a)(ii) through (vi) on surface coal mined from
8 the federal mineral estate or paid under W.S.
9 39-14-104(b)(ii) and (iii) on underground coal mined from
10 the federal mineral estate in the prior production year.
11 The value of the refund shall be in an amount equal to the
12 increased royalty levied against taxpayers as a result of
13 any cumulative increase in the federal mineral royalty rate
14 percentage from the percentage in place as of July 1, 2021
15 imposed on surface coal and underground coal in accordance
16 with 30 U.S.C. 207 or as prescribed by rule under 43 C.F.R.
17 3473.3-2, multiplied by the gross percentage share of the
18 state under 30 U.S.C. 191(a) after deducting the mandatory
19 administrative costs imposed under 30 U.S.C. 191(b). That
20 amount shall then be multiplied by seventy-five hundredths
21 percent (0.75%) to approximate and account for the reduced
22 assessed mineral value resulting from the increase in the

1 federal mineral royalty rate percentage. The refund shall
2 not exceed the total annual severance tax liability for the
3 taxpayer under W.S. 39-14-104(a)(ii) through (vi) on
4 surface coal and under W.S. 39-14-104(b)(ii) and (iii) on
5 underground coal. The burden shall be on the taxpayer to
6 establish the amount of any refund due under this
7 paragraph. The taxpayer shall apply for the refund
8 authorized under this paragraph annually on or before July
9 1 of the year following the year of mineral production on a
10 form prescribed by the department. The department shall by
11 rule prescribe procedures and other applicable timelines
12 under which a taxpayer who is eligible to receive a refund
13 under this paragraph may apply for and receive the refund.

14

15 **39-14-209. Taxpayer remedies.**

16

17 (c) Refunds. The following shall apply:

18

19 (iv) Beginning with mineral production taking
20 place on and after January 1, 2023, the taxpayer is
21 entitled to receive a monetary refund on a per property
22 basis in an amount specified under this paragraph of a

1 proportion of severance taxes paid under W.S.
2 39-14-204(a)(ii) through (iv) on crude oil, lease
3 condensate or natural gas produced from the federal mineral
4 estate in the prior production year. The value of the
5 refund shall be in an amount equal to any increased royalty
6 levied against taxpayers as a result of any cumulative
7 increase in the federal mineral royalty rate percentage
8 from the percentage in place as of July 1, 2021 imposed on
9 crude oil, lease condensate or natural gas in accordance
10 with 30 U.S.C. 226 or as prescribed by rule under 43 C.F.R.
11 3103.3-1, multiplied by the gross percentage share of the
12 state under 30 U.S.C. 191(a) after deducting the mandatory
13 administrative costs imposed under 30 U.S.C. 191(b). That
14 amount shall then be multiplied by seventy-five hundredths
15 percent (0.75%) to approximate and account for the reduced
16 assessed mineral value resulting from the increase in the
17 federal mineral royalty rate percentage. The refund shall
18 not exceed the total annual severance tax liability for the
19 taxpayer under W.S. 39-14-204(a)(ii) through (iv). The
20 taxpayer shall apply for the refund authorized under this
21 paragraph annually on or before July 1 of the year
22 following the year of mineral production on a form

1 prescribed by the department. The burden shall be on the
2 taxpayer to establish the amount of any refund due under
3 this paragraph. The department shall by rule prescribe
4 procedures and other applicable timelines under which a
5 taxpayer who is eligible to receive a refund under this
6 paragraph may apply for and receive the refund.

7
8 **39-14-801. Severance tax distributions; distribution**
9 **account created; formula.**

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11 (j) Notwithstanding the distribution requirements
12 imposed under subsections (b) through (e) of this section,
13 funds transferred into the severance tax distribution
14 account as provided by W.S. 9-4-601(n) shall be accounted
15 for separately and are continuously appropriated to the
16 department of revenue for the purpose of funding the
17 taxpayer refunds authorized by W.S. 39-14-109(c)(iv) and
18 39-14-209(c)(iv). Beginning September 1, 2023 and on
19 September 1 of each year thereafter, the department of
20 revenue shall annually report to the joint revenue interim
21 committee on the number of taxpayer refund applicants and

1 the number and amount of refunds provided under W.S. 39-14-
2 109(c)(iv) and 39-14-209(c)(iv).

3

4 **Section 2.** The department of revenue shall promulgate
5 all rules necessary to implement the provisions of this
6 act.

7

8 **Section 3.**

9

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

14

15 (b) Section 1 of this act is effective January 1,
16 2023.

17

18 (END)