

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Severance tax-enhanced oil recovery exemption.

Sponsored by: Joint Minerals, Business & Economic
Development Interim Committee

A BILL

for

1 AN ACT relating to mine product taxes; providing an
2 exemption for the production of crude oil and natural gas
3 produced through enhanced oil recovery techniques;
4 specifying conditions for the exemption; and providing for
5 an effective date.

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

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9 **Section 1.** W.S. 39-14-204(a)(iii) and (iv) and 39-14-
10 205 by creating a new subsection (q) are amended to read:

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12 **39-14-204. Tax rate.**

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

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11 (iii) Two percent (2%), except as provided in
12 W.S. 39-14-205(q); plus

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

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17 **39-14-205. Exemptions.**

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19 *****
20 *****
21 STAFF COMMENT

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23 For reference, the definition of "tertiary production"
24 (used below in subsection (q)) is below:

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26 (xxvi) "Tertiary production" means the crude oil
27 recovered from a petroleum reservoir by means of a tertiary

1 enhanced recovery project to which one (1) or more tertiary
2 enhanced recovery techniques meeting the certification
3 requirements of the Wyoming oil and gas conservation
4 commission or the United States government are being
5 applied;

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7 *****
8 *****
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10 (q) Crude oil and natural gas production resulting
11 from oil and gas that is produced by means of tertiary
12 production is exempt from one-half (1/2) of the severance
13 taxes imposed under W.S. 39-14-204(a)(iii) and from all of
14 the severance taxes imposed under W.S. 39-14-204(a)(iv),
15 subject to the following:

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17 (i) To qualify for the exemption under this
18 subsection, the crude oil and natural gas shall be produced
19 by means of tertiary production from projects using carbon
20 capture, utilization and storage technology that begin
21 operations on or after January 1, 2025;

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23 (ii) The carbon capture, utilization and storage
24 technology used in the tertiary production of the crude oil
25 and natural gas shall qualify for the tax credit available
26 for carbon oxide sequestration under 26 U.S.C. 45Q, as
27 amended as of January 1, 2023;

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(iii) To ensure that tertiary production satisfies the conditions specified in paragraphs (i) and (ii) of this subsection, the department may consult with the public service commission and the oil and gas conservation commission before approving the exemption under this subsection;

(iv) The exemption provided under this subsection shall be available to a taxpayer until the date on which the taxpayer or the person who is operating the carbon capture, utilization and storage technology is no longer eligible for the credit under 26 U.S.C. 45Q;

(v) Not later than November 1 of each year, the department shall report to the joint revenue interim committee and the joint minerals, business and economic development interim committee on the use of the exemptions under this subsection and the associated revenue impacts.

Section 2. This act is effective January 1, 2025.

(END)