

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

SENATE FILE NO.

Severance tax-enhanced oil recovery credit.

Sponsored by: Senator(s) Rothfuss

A BILL

for

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

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

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12 **STAFF COMMENT**

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14 **Please note that this bill draft has not completed the**
15 **normal LSO review process and may be subject to change.**

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4 Section 1. W.S. 39-14-209(d) by creating a new
5 paragraph (iv) is amended to read:

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7 **39-14-209. Taxpayer remedies.**

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9 (d) Credits. The following shall apply:

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11 (iv) The taxpayer is entitled to a credit for
12 crude oil and natural gas production resulting from oil and
13 gas that is produced by means of tertiary production
14 subject to the following:

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16 (A) The taxpayer seeking the credit shall
17 complete an application for the credit on a form and in
18 intervals prescribed by the department;

19

20 (B) To qualify for the credit under this
21 paragraph, the crude oil and natural gas shall be produced
22 by means of tertiary production from projects using carbon
23 capture, utilization and storage technology that begin
24 operations on or after January 1, 2025;

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(C) The carbon dioxide used in the tertiary production of the crude oil and natural gas shall be from a carbon dioxide source originating within the state of Wyoming;

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(D) The carbon capture, utilization and storage technology and the carbon dioxide specified in subparagraph (C) of this paragraph that is used in the tertiary production of the crude oil and natural gas 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;

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(E) To ensure that the tertiary production satisfies the conditions specified in this paragraph, the department may consult with the public service commission and the oil and gas conservation commission before approving the credit under this paragraph;

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(F) The department may promulgate rules as necessary implement this paragraph;

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1 (G) The credit provided under this paragraph
2 shall be equal to ten dollars (\$10.00) for every one (1)
3 ton of carbon dioxide utilized in the tertiary production
4 that meets the requirements of this paragraph;

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6 (H) In no event shall the taxpayer receive a
7 credit for any one (1) tax year under this paragraph in an
8 amount that exceeds the amount of severance tax the
9 taxpayer would pay under W.S. 39-14-204(a)(iv), plus one-
10 half (1/2) of the amount of severance tax the taxpayer
11 would pay under W.S. 39-14-204(a)(iii);

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13 (J) The credit available under this
14 paragraph shall be made in the form of credit against
15 future tax payments for a period not to exceed five (5)
16 years;

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18 (K) The credit provided under this paragraph
19 shall be available to a taxpayer for all qualifying
20 tertiary production that is completed before the date on
21 which the taxpayer or the person who is operating the
22 carbon capture, utilization and storage technology is no

1 longer eligible for the federal tax credit under 26 U.S.C.
2 45Q;

3
4 (M) Not later than November 1 of each year,
5 the department shall report to the joint revenue interim
6 committee and the joint minerals, business and economic
7 development interim committee on the use of the credits
8 under this paragraph and the associated revenue impacts.

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10 **Section 2.** This act is effective July 1, 2024.

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(END)