

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Mineral royalties-proportional severance tax refunds.

Sponsored by: Select Federal Natural Resource Management
Committee

A BILL

for

1 AN ACT relating to severance taxes; establishing severance
2 tax 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; providing for
7 severance tax and ad valorem distributions from federal
8 mineral royalties as specified; requiring rulemaking;
9 providing an appropriation; and providing for effective
10 dates.

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

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2 **Section 1.** W.S. 9-4-601 by creating a new subsection
3 (o), 39-13-111 by creating a new subsection (e),
4 39-14-109(c) by creating a new paragraph (iv), 39-14-209(c)
5 by creating a new paragraph (iv) and 39-14-801 by creating
6 a new subsection (m) are amended to read:

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8 **9-4-601. Distribution and use; funds, accounts,**
9 **cities and towns benefited; exception for bonus payments.**

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11 (o) Notwithstanding the distribution requirements
12 imposed under this section, beginning calendar year 2025
13 and each year thereafter, the state treasurer shall
14 transfer funds from the account created by subsection (a)
15 of this section to the severance tax distribution account
16 created by W.S. 39-14-801(a) in the amounts specified in
17 this subsection in accordance with the following:

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19 (i) There shall be a transfer to the severance
20 tax distribution account in an amount equal to the funds
21 necessary to provide the severance tax refunds authorized
22 by W.S. 39-14-109(c)(iv) and 39-14-209(c)(iv);

23

1 (ii) The amount calculated in paragraph (i) of
2 this subsection shall be multiplied by sixteen and
3 sixty-seven hundredths percent (16.67%), the product of
4 which shall be added to the funds otherwise transferred
5 under this subsection and separately distributed in
6 accordance with W.S. 39-14-801(b) through (e);

7
8 (iii) An amount equal to the amount calculated
9 under W.S. 39-13-111(e) shall be added to the funds
10 otherwise transferred under this subsection and separately
11 distributed in accordance with W.S. 39-13-111;

12
13 (iv) Before the state treasurer transfers any
14 funds required to be transferred under this subsection, the
15 department of revenue shall certify to the state treasurer
16 the funds necessary to provide:

17
18 (A) The severance tax refunds specified in
19 W.S. 39-14-109(c)(iv) and 39-14-209(c)(iv);

20
21 (B) The amount calculated under paragraph
22 (ii) of this subsection for distribution under W.S.
23 39-14-801(b) through (e);

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39-13-111. Distribution.

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(C) The amount calculated under paragraph (iii) of this section and W.S. 39-13-111(e) for distribution under W.S. 39-13-111.

(e) The department shall calculate an amount equal to the reduced ad valorem taxable value that results from any increase in federal mineral royalty rate percentage under W.S. 9-4-601 and refunds issued under W.S. 39-14-109(c)(iv) and 39-14-209(c)(iv). The department shall then multiply that amount by the mill levy established in September of the year following the applicable production year associated with the increased royalty rate. The department shall distribute from separately accounted funds in the severance tax distribution account under W.S. 39-14-801(m) to the county treasurer the amount calculated under this subsection for distribution in accordance with this section.

39-14-109. Taxpayer remedies.

1 (c) Refunds. The following shall apply:

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3 (iv) Beginning with mineral production taking
4 place on and after January 1, 2025, the taxpayer is
5 entitled to receive a monetary refund on a per property
6 basis in an amount specified under this paragraph of a
7 portion of severance taxes paid under W.S. 39-14-104(a)(ii)
8 through (vi) on surface coal mined from the federal mineral
9 estate or paid under W.S. 39-14-104(b)(ii) and (iii) on
10 underground coal mined from the federal mineral estate in
11 the immediately preceding year. The refund shall be in
12 accordance with the following:

13

14 (A) The refund shall be in an amount equal
15 to the amount of:

16

17 (I) Any increased royalty levied
18 against taxpayers as a result of any cumulative increase in
19 the federal mineral royalty rate percentage from the
20 percentage in place as of July 1, 2021 imposed on surface
21 coal and underground coal in accordance with 30 U.S.C. 207
22 or as prescribed by rule under 43 C.F.R. 3473.3-2,
23 multiplied by the gross percentage share of the state under

1 30 U.S.C. 191(a) after deducting the mandatory
2 administrative costs imposed under 30 U.S.C. 191(b); and

3
4 (II) The amount determined in
5 subdivision (I) of this subparagraph multiplied by
6 seventy-five percent (75%) to approximate the reduced value
7 of the gross product resulting from the increase in the
8 federal mineral royalty rate percentage.

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10 (B) The refund determined in subparagraph
11 (A) of this paragraph shall not exceed the total annual
12 severance tax liability for the taxpayer under W.S.
13 39-14-104(a)(ii) through (vi) on surface coal and under
14 W.S. 39-14-104(b)(ii) and (iii) on underground coal;

15
16 (C) The burden shall be on the taxpayer to
17 establish the amount of any refund due under this
18 paragraph;

19
20 (D) The taxpayer shall apply for the refund
21 authorized under this paragraph annually on or before July
22 1 of the year immediately following the year of mineral
23 production on a form prescribed by the department. The

1 department shall by rule prescribe procedures and other
2 applicable timelines under which a taxpayer who is eligible
3 to receive a refund under this paragraph may apply for and
4 receive the refund;

5
6 (E) Upon receipt of an application and
7 review by the department that a taxpayer is eligible for a
8 refund under this paragraph, the department shall issue the
9 refund to the taxpayer.

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11 **39-14-209. Taxpayer remedies.**

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13 (c) Refunds. The following shall apply:

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15 (iv) Beginning with mineral production taking
16 place on and after January 1, 2025, the taxpayer is
17 entitled to receive a monetary refund on a per property
18 basis in an amount specified under this paragraph of a
19 portion of severance taxes paid under W.S. 39-14-204(a)(ii)
20 through (iv) on crude oil, lease condensate or natural gas
21 produced from the federal mineral estate in the immediately
22 preceding year. The refund shall be in accordance with the
23 following:

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(A) The refund shall be in an amount equal to the amount of:

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(I) Any increased royalty levied against taxpayers as a result of any cumulative increase in the federal mineral royalty rate percentage from the percentage in place as of July 1, 2021 imposed on crude oil, lease condensate or natural gas in accordance with 30 U.S.C. 226 or as prescribed by rule under 43 C.F.R. 3103.3-1, multiplied by the gross percentage share of the state under 30 U.S.C. 191(a) after deducting the mandatory administrative costs imposed under 30 U.S.C. 191(b); and

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(II) The amount determined in subdivision (I) of this subparagraph multiplied by seventy-five percent (75%) to approximate the reduced value of the gross product resulting from the increase in the federal mineral royalty rate percentage.

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(B) The refund determined in subparagraph (A) of this paragraph shall not exceed the total annual

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1 severance tax liability for the taxpayer under W.S.
2 39-14-204(a)(ii) through (iv);

3

4 (C) The burden shall be on the taxpayer to
5 establish the amount of any refund due under this
6 paragraph;

7

8 (D) The taxpayer shall apply for the refund
9 authorized under this paragraph annually on or before July
10 1 of the year immediately following the year of mineral
11 production on a form prescribed by the department. The
12 department shall by rule prescribe procedures and other
13 applicable timelines under which a taxpayer who is eligible
14 to receive a refund under this paragraph may apply for and
15 receive the refund;

16

17 (E) Upon receipt of an application and
18 review by the department that a taxpayer is eligible for a
19 refund under this paragraph, the department shall issue the
20 refund to the taxpayer.

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22 **39-14-801. Severance tax distributions; distribution**
23 **account created; formula.**

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2 (m) Notwithstanding the distribution requirements
3 imposed under subsections (b) through (e) of this section,
4 funds transferred into the severance tax distribution
5 account as provided by W.S. 9-4-601(o) to provide the
6 severance tax refunds authorized by W.S. 39-14-109(c)(iv)
7 and 39-14-209(c)(iv) and to provide distributions under
8 this section and W.S. 39-13-111(e) shall be accounted for
9 separately and are continuously appropriated to the
10 department of revenue for the purpose of funding the
11 taxpayer refunds authorized by W.S. 39-14-109(c)(iv) and
12 39-14-209(c)(iv) and for distribution under this section
13 and W.S. 39-13-111(e). Beginning September 1, 2026 and on
14 September 1 of each year thereafter, the department of
15 revenue shall annually report to the joint revenue interim
16 committee on the number of taxpayer refund applicants and
17 the number and amount of refunds provided under W.S.
18 39-14-109(c)(iv) and 39-14-209(c)(iv) and the amounts
19 separately accounted for and distributed under this section
20 and W.S. 39-13-111(e).

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1 **Section 2.** The department of revenue shall promulgate
2 all rules necessary to implement the provisions of this
3 act.

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5 **Section 3.** There is appropriated three hundred
6 sixty-eight thousand dollars (\$368,000.00) from the general
7 fund to the department of revenue for the period beginning
8 with the effective date of this section and ending June 30,
9 2025 to be expended only for purposes of implementing this
10 act. This appropriation shall not be transferred or
11 expended for any other purpose and any unexpended,
12 unobligated funds remaining from this appropriations shall
13 revert as provided by law on June 30, 2025.

14

1 **Section 4.**

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

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8 (b) Section 1 of this act is effective January 1,
9 2025.

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(END)