

SENATE FILE NO. SF0084

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),
13 39-14-209(c) by creating a new paragraph (iv) and 39-14-801
14 by creating a new subsection (j) are amended to read:

15

1 **9-4-601. Distribution and use; funds, accounts,**
2 **cities and towns benefited; exception for bonus payments.**

3
4 (n) Notwithstanding the distribution requirements
5 imposed under this section, beginning calendar year 2023
6 and each year thereafter, the state treasurer shall
7 transfer funds from the account created by subsection (a)
8 of this section to the severance tax distribution account
9 created by W.S. 39-14-801(a) in an amount specified in this
10 subsection. The amount of the transfer shall be equal to
11 the funds necessary to provide the severance tax refunds
12 authorized by W.S. 39-14-109(c)(iv) and 39-14-209(c)(iv).
13 That amount shall then be multiplied by sixteen and sixty-
14 seven hundredths percent (16.67%), the product of which
15 shall be included with the funds transferred under this
16 subsection and separately distributed in accordance with
17 W.S. 39-14-801(b) through (e). The department of revenue
18 shall certify to the state treasurer the funds necessary to
19 provide the severance tax refunds before the state
20 treasurer transfers any funds under this subsection.

21
22 **39-14-109. Taxpayer remedies.**

23

1 (c) Refunds. The following shall apply:

2

3 (iv) Beginning with mineral production taking
4 place on and after January 1, 2023, 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 proportion of severance taxes paid under W.S.
8 39-14-104(a)(ii) through (vi) on surface coal mined from
9 the federal mineral estate or paid under W.S.
10 39-14-104(b)(ii) and (iii) on underground coal mined from
11 the federal mineral estate in the prior production year.
12 The value of the refund shall be in an amount equal to the
13 increased royalty levied against taxpayers as a result of
14 any cumulative increase in the federal mineral royalty rate
15 percentage from the percentage in place as of July 1, 2021
16 imposed on surface coal and underground coal in accordance
17 with 30 U.S.C. 207 or as prescribed by rule under 43 C.F.R.
18 3473.3-2, multiplied by the gross percentage share of the
19 state under 30 U.S.C. 191(a) after deducting the mandatory
20 administrative costs imposed under 30 U.S.C. 191(b). That
21 amount shall then be multiplied by seventy-five percent
22 (75%) to approximate and account for the reduced assessed
23 mineral value resulting from the increase in the federal

1 mineral royalty rate percentage. The refund shall not
2 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
23 proportion of severance taxes paid under W.S.

1 39-14-204(a)(ii) through (iv) on crude oil, lease
2 condensate or natural gas produced from the federal mineral
3 estate in the prior production year. The value of the
4 refund shall be in an amount equal to any increased royalty
5 levied against taxpayers as a result of any cumulative
6 increase in the federal mineral royalty rate percentage
7 from the percentage in place as of July 1, 2021 imposed on
8 crude oil, lease condensate or natural gas in accordance
9 with 30 U.S.C. 226 or as prescribed by rule under 43 C.F.R.
10 3103.3-1, multiplied by the gross percentage share of the
11 state under 30 U.S.C. 191(a) after deducting the mandatory
12 administrative costs imposed under 30 U.S.C. 191(b). That
13 amount shall then be multiplied by seventy-five percent
14 (75%) to approximate and account for the reduced assessed
15 mineral value resulting from the increase in the federal
16 mineral royalty rate percentage. The refund shall not
17 exceed the total annual severance tax liability for the
18 taxpayer under W.S. 39-14-204(a)(ii) through (iv). The
19 taxpayer shall apply for the refund authorized under this
20 paragraph annually on or before July 1 of the year
21 following the year of mineral production on a form
22 prescribed by the department. The burden shall be on the
23 taxpayer to establish the amount of any refund due under

1 this paragraph. The department shall by rule prescribe
2 procedures and other applicable timelines under which a
3 taxpayer who is eligible to receive a refund under this
4 paragraph may apply for and receive the refund. No refunds
5 shall be provided under this paragraph for crude oil
6 production during any month in which the monthly average of
7 daily spot prices for West Texas Intermediate (WTI) per
8 barrel of oil is eighty dollars (\$80.00) or more. No
9 refunds shall be provided under this paragraph for natural
10 gas production during any month in which the monthly
11 average of daily spot prices for Henry hub per thousand
12 cubic feet of natural gas is four dollars (\$4.00) or more.

13

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

16

17 (j) Notwithstanding the distribution requirements
18 imposed under subsections (b) through (e) of this section,
19 funds transferred into the severance tax distribution
20 account as provided by W.S. 9-4-601(n) to provide the
21 severance tax refunds authorized by W.S. 39-14-109(c)(iv)
22 and 39-14-209(c)(iv) shall be accounted for separately and
23 are continuously appropriated to the department of revenue

1 for the purpose of funding the taxpayer refunds authorized
2 by W.S. 39-14-109(c)(iv) and 39-14-209(c)(iv). Beginning
3 September 1, 2023 and on September 1 of each year
4 thereafter, the department of revenue shall annually report
5 to the joint revenue interim committee on the number of
6 taxpayer refund applicants and the number and amount of
7 refunds provided under W.S. 39-14-109(c)(iv) and
8 39-14-209(c)(iv).

9

10 **Section 2.** The department of revenue shall promulgate
11 all rules necessary to implement the provisions of this
12 act.

13

1 **Section 3.**

2

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.

7

8 (b) Section 1 of this act is effective January 1,
9 2023.

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11

(END)