

1 *Kropp* H BILL NO. *516*
 2 INTRODUCED BY *Melvin Underwood* *Dejean* *Rota*
 3 *Director* *Ernst Wyrick* *Lin Council*
 4 *Sida Vanzo*

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION
 6 60-145, R.C.M. 1947, TO PROVIDE FOR CREDITING INTEREST AND
 7 INCOME FROM OIL PRODUCERS LICENSE TAX TO THE BOARD OF OIL
 8 AND GAS CONSERVATION ACCOUNT; AND PROVIDING AN IMMEDIATE
 9 EFFECTIVE DATE."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 60-145, R.C.M. 1947, is amended to
 12 read as follows:

13 "60-145. Privilege and license tax -- quarterly
 14 statements -- penalties -- drilling permit fees -- oil and
 15 gas conservation moneys. (1) For the purpose of providing
 16 funds for defraying the expenses of the operation and
 17 enforcement of this chapter, and expenses of the board, the
 18 operators and producers of oil and gas shall pay an
 19 assessment not to exceed the amounts set forth in the
 20 following schedule on each barrel of crude petroleum
 21 originally produced, saved and marketed or stored within the
 22 state, or exported from the state, and on each ten thousand
 23 (10,000) cubic feet of natural gas produced, saved and
 24 marketed or stored within the state, or exported therefrom:

25 (a) On leases on which wells are producing an average

1 of twenty-five (25) barrels of crude petroleum per day, or
 2 less, an assessment not to exceed three-eighths of one cent
 3 (3/8¢) per barrel;

4 (b) On leases on which wells are producing an average
 5 of more than twenty-five (25) barrels of crude petroleum per
 6 day, an assessment not to exceed three-fourths of one cent
 7 (3/4¢) per barrel; and,

8 (c) On wells producing, saving and marketing, storing,
 9 or exporting, natural gas, the operators and producers shall
 10 pay an assessment not to exceed two and one-half (2 1/2)
 11 mills per ten thousand (10,000) cubic feet of natural gas
 12 where said gas is marketed for less than fifteen cents (15¢)
 13 per thousand (1,000) cubic feet and an assessment not to
 14 exceed five (5) mills per ten thousand (10,000) cubic feet
 15 of natural gas where said gas is marketed for fifteen cents
 16 (15¢) or more per thousand (1,000) cubic feet.

17 (2) The board shall by order, without prior notice, or
 18 hearing, fix the amount of the assessments and may, from
 19 time to time, without prior notice or hearing, reduce or
 20 increase the amount thereof as, in its judgment, the
 21 expenses chargeable against the oil and gas conservation
 22 fund may require; however, the assessments fixed by the
 23 board may not exceed the limits prescribed in this section.
 24 The amounts of the assessments shall be a percentage factor
 25 (not to exceed one hundred percent (100%)) of the rates set

INTRODUCED BILL

HB 516

1 forth in subsections (a), (b), and (c) above, and the same
 2 percentage factor shall be applied by the board in fixing
 3 the amount of the assessment on each barrel of crude
 4 production and each ten thousand (10,000) cubic feet of
 5 natural gas mentioned in those subsections. The producers of
 6 the crude petroleum and natural gas shall pay the
 7 assessments on each barrel of crude petroleum and each ten
 8 thousand (10,000) cubic feet of natural gas produced for
 9 themselves, as well as for others, including royalty
 10 holders, and the producers shall be reimbursed for the
 11 payments made on crude oil and natural gas produced for
 12 others in the same manner as they are reimbursed for net
 13 proceeds tax paid on crude petroleum or natural gas produced
 14 for others under section 84-6208.

15 (3) For the purposes of this section, a "lease" means
 16 that particularly described tract of land contained in a
 17 contract in writing whereby a person having a legal estate
 18 in the land so described conveys a portion of his interest
 19 to another, in consideration of a certain rental or other
 20 recompense or consideration. Further, for the purposes of
 21 this section, leases owned or operated by one (1) lessee
 22 which in whole or in part cover or affect an underground
 23 reservoir containing a common accumulation of crude
 24 petroleum oil or natural gas, or both, or which are
 25 encompassed within or affected by one (1) particular unit

1 agreement shall be considered as one (1) lease relative to
 2 payments to be made under this section.

3 (4) In addition to the above-mentioned privilege and
 4 license tax, a person, before commencing the drilling of an
 5 oil or gas well or stratigraphic test well or core hole,
 6 shall secure from the board a drilling permit and shall pay
 7 to the board therefor the following amounts: for each well
 8 whose estimated depth is thirty-five hundred (3500) feet or
 9 less, twenty-five dollars (\$25); from thirty-five hundred
 10 and one (3501) feet to seven thousand (7,000) feet,
 11 seventy-five dollars (\$75); seven thousand (7,000) feet and
 12 deeper, one hundred fifty dollars (\$150).

13 (5) Each producer of crude petroleum in the state
 14 shall, not later than the last day of each of the calendar
 15 months of February, May, August and November, of each
 16 calendar year, render a true statement to the state
 17 treasurer of the state, and a duplicate thereof to the
 18 board, duly signed and sworn to, of all crude petroleum
 19 produced and marketed by him in this state during the
 20 preceding quarter, and containing such other information as
 21 the board may require, and shall accompany the statement
 22 with the payment to the state treasurer of the assessment
 23 provided for in subsection (1) of this section, for the
 24 period covered by the statement. Each producer of natural
 25 gas in the state shall render like statements to the state

1 treasurer of all natural gas produced and marketed by him in
 2 this state, and shall make payment of the assessment
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 4 times and for such periods as may be prescribed by rule of
 5 the board. Any producer carrying on business at more than
 6 one (1) place or location in this state may include all
 7 those places of business in one (1) statement. The
 8 assessment imposed herein shall be due at the time the oil
 9 or natural gas is marketed. Oil or natural gas shall be
 10 deemed marketed when it is removed from the property from
 11 which it was produced.

12 (6) An assessment not paid within the time specified
 13 is delinquent, and a penalty of twenty-five percent (25%)
 14 thereof shall be added thereto and the whole thereof shall
 15 bear interest at the rate of one percent (1%) per month from
 16 the date of delinquency until paid. Upon request of the
 17 board the attorney general shall commence and prosecute to
 18 final determination in any court of competent jurisdiction
 19 an action at law to collect the same.

20 (7) All money collected under this chapter shall be
 21 deposited in the earmarked revenue fund by the state
 22 treasurer of the state, and shall be used for the purpose of
 23 paying all expenses of the board and for no other purpose;
 24 all these moneys shall be used by the board subject to the
 25 approval of the department of administration and biennial

1 appropriations by the legislature. Income and interest from
 2 investment of the board's moneys in the earmarked revenue
 3 fund shall be credited to the board.*

4 Section 2. Effective date. This act is effective on
 5 its passage and approval.

-End-

STATE OF MONTANA

REQUEST NO. 224-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 26, 19 77, there is hereby submitted a Fiscal Note for House Bill 516 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION

This bill provides for crediting interest and income from oil producers license tax to the board of oil and gas conservation account.

ASSUMPTIONS

This bill legalizes the current practice; therefore, there is no fiscal impact. The amount of money involved is approximately \$3000. If the bill is not enacted, the \$3000 will revert to the general fund.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Dancy
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-26-77

Approved by Committee
in Taxation

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3 *Wynick* *Lein* *Conroy*
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14 statements -- penalties -- drilling permit fees -- oil and
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16 funds for defraying the expenses of the operation and
17 enforcement of this chapter, and expenses of the board, the
18 operators and producers of oil and gas shall pay an
19 assessment not to exceed the amounts set forth in the
20 following schedule on each barrel of crude petroleum
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22 state, or exported from the state, and on each ten thousand
23 (10,000) cubic feet of natural gas produced, saved and
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2 less, an assessment not to exceed three-eighths of one cent
3 (3/8¢) per barrel;

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5 of more than twenty-five (25) barrels of crude petroleum per
6 day, an assessment not to exceed three-fourths of one cent
7 (3/4¢) per barrel; and,

8 (c) On wells producing, saving and marketing, storing,
9 or exporting, natural gas, the operators and producers shall
10 pay an assessment not to exceed two and one-half (2 1/2)
11 mills per ten thousand (10,000) cubic feet of natural gas
12 where said gas is marketed for less than fifteen cents (15¢)
13 per thousand (1,000) cubic feet and an assessment not to
14 exceed five (5) mills per ten thousand (10,000) cubic feet
15 of natural gas where said gas is marketed for fifteen cents
16 (15¢) or more per thousand (1,000) cubic feet.

17 (2) The board shall by order, without prior notice, or
18 hearing, fix the amount of the assessments and may, from
19 time to time, without prior notice or hearing, reduce or
20 increase the amount thereof as, in its judgment, the
21 expenses chargeable against the oil and gas conservation
22 fund may require; however, the assessments fixed by the
23 board may not exceed the limits prescribed in this section.
24 The amounts of the assessments shall be a percentage factor
25 (not to exceed one hundred percent (100%)) of the rates set

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 3 the amount of the assessment on each barrel of crude
 4 production and each ten thousand (10,000) cubic feet of
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 12 others in the same manner as they are reimbursed for net
 13 proceeds tax paid on crude petroleum or natural gas produced
 14 for others under section 84-6208.

15 (3) For the purposes of this section, a "lease" means
 16 that particularly described tract of land contained in a
 17 contract in writing whereby a person having a legal estate
 18 in the land so described conveys a portion of his interest
 19 to another, in consideration of a certain rental or other
 20 recompense or consideration. Further, for the purposes of
 21 this section, leases owned or operated by one (1) lessee
 22 which in whole or in part cover or affect an underground
 23 reservoir containing a common accumulation of crude
 24 petroleum oil or natural gas, or both, or which are
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3 (4) In addition to the above-mentioned privilege and
 4 license tax, a person, before commencing the drilling of an
 5 oil or gas well or stratigraphic test well or core hole,
 6 shall secure from the board a drilling permit and shall pay
 7 to the board therefor the following amounts: for each well
 8 whose estimated depth is thirty-five hundred (3500) feet or
 9 less, twenty-five dollars (\$25); from thirty-five hundred
 10 and one (3501) feet to seven thousand (7,000) feet,
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13 (5) Each producer of crude petroleum in the state
 14 shall, not later than the last day of each of the calendar
 15 months of February, May, August and November, of each
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 17 treasurer of the state, and a duplicate thereof to the
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 23 provided for in subsection (1) of this section, for the
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 25 gas in the state shall render like statements to the state

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 13 is delinquent, and a penalty of twenty-five percent (25%)
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20 (7) All money collected under this chapter shall be
 21 deposited in the earmarked revenue fund by the state
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 24 all these moneys shall be used by the board subject to the
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4 Section 2. Effective date. This act is effective on
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 25 approval of the department of administration and biennial

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4 Section 2. Effective date. This act is effective on
 5 its passage and approval.

-End-

March 16, 1977

SENATE
STANDING COMMITTEE REPORT
Taxation Committee

That House Bill No. 516, third reading, be amended as follows:

1. Amend title, lines 7 and 8.

Following: "ACCOUNT"

Strike: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

2. Amend page 6, section 2, lines 4 and 5.

Following: line 3

Strike: section 2 in its entirety.

HOUSE BILL NO. 516

INTRODUCED BY UNDERDAL, AAGESEN, ROTH, SIVERTSEN, ERNST,
KROPP, WYRICK, LIEN, CONROY, FEDA, VINGER

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION
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5 ~~Section 24--Effective--date--this--act--is--effective--on~~
 6 ~~its--passage--and--approval~~

-End-