

HOUSE BILL NO. 552

INTRODUCED BY ROUSH, IVERSON, SHONTZ, JACOBSEN,
KOLSTAD, KENNERLY, VINGER, E. SMITH

IN THE HOUSE

January 29, 1981	Introduced and referred to Committee on Taxation.
January 31, 1981	Fiscal note requested.
February 5, 1981	Fiscal note returned.
February 16, 1981	Committee recommend bill do pass as amended. Report adopted.
February 17, 1981	Bill printed and placed on members' desks.
February 19, 1981	Second reading, do pass.
February 20, 1981	Correctly engrossed.
February 24, 1981	Third reading, passed. Ayes, 81; Noes, 18. Transmitted to Senate.

IN THE SENATE

March 2, 1981	Introduced and referred to Committee on Taxation.
March 19, 1981	Committee recommend bill be concurrred in. Report adopted.
March 23, 1981	Motion pass consideration.
March 24, 1981	Second reading, concurrred in.
March 26, 1981	Third reading, concurrred in. Ayes, 46; Noes, 0.

IN THE HOUSE

March 27, 1981

Returned from Senate. Con-
curred in. Sent to enrolling.

Reported correctly enrolled.

STATE OF MONTANA

REQUEST NO. 273-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 3, 1981, there is hereby submitted a Fiscal Note for HOUSE BILL 552 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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

An act to provide for a 3-year exemption from the severance tax on oil and gas for natural gas produced from a well 5,000 feet deep or deeper; and providing an effective date.

FISCAL IMPACT

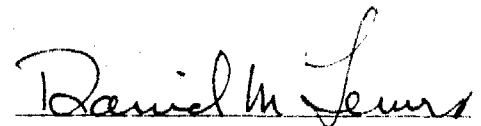
The fiscal impact of the proposed legislation cannot be estimated. The impact of the current exemption on natural gas production through June 30, 1980 has been:

Total Gross Value of Exempt Natural Gas	\$517,158
Tax Rate @ 2.65%	
Revenue Loss	\$ 13,705

LOCAL IMPACT

Counties and cities share the severance tax proceeds from increased annual production. The bill would result in decreased local revenue, but the amount cannot be calculated.

PREPARED BY THE DEPARTMENT OF REVENUE



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-5-81

Approved by Committee
on Taxation

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5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE EXTEND FOR A
6 2-YEAR PERIOD THE 3-YEAR EXEMPTION FROM THE SEVERANCE TAX ON
7 OIL AND GAS FOR NATURAL GAS PRODUCED FROM A WELL 5,000 FEET
8 DEEP OR DEEPER; AMENDING SECTION 15-36-121, MCA; AND
9 PROVIDING AN EFFECTIVE DATE."
10

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

12 Section 1. Section 15-36-121, MCA, is amended to read:
13 "15-36-121. Exemption from severance tax. (1) It is
14 the public policy of this state to promote a sufficient
15 supply of natural gas to provide for the residents of this
16 state and to lessen Montana's dependence on imported natural
17 gas.

18 (2) Natural gas produced from a well 5,000 feet deep
19 or deeper on which drilling was commenced after December 31,
20 1976, ~~but before December 31, 1980,~~ BUT BEFORE DECEMBER 31,
21 1982, is exempt from all of the severance tax imposed by

22 15-36-101 for 3 years if the gas produced from the well is:
23 (a) placed into a natural gas distribution system for
24 delivery to consumers after diligent completion of the well;
25 and

1 (b) distributed by a natural gas distribution system
2 serving only natural gas consumers a majority of which are
3 within Montana or at least 10,000 natural gas consumers
4 within Montana.

5 (3) The 3-year exemption provided by this section
6 shall begin when natural gas from a qualifying well is first
7 placed into a natural gas distribution system.

8 (4) Notwithstanding the provisions of subsection (2),
9 all reporting requirements under the severance tax remain in
10 effect."

11 Section 2. Effective date. This act is effective on
12 passage and approval.

-End-

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