

HOUSE BILL NO. 333

INTRODUCED BY ROUSH, SOLBERG, SWITZER, WINSLOW, KEATING,
GAGE, KOLSTAD, TVEIT, E. SMITH, GOODOVER

IN THE HOUSE

January 18, 1983	Introduced and referred to Committee on Taxation.
February 2, 1983	Committee recommend bill do pass as amended. Report adopted.
February 3, 1983	Bill printed and placed on members' desks.
February 4, 1983	Second reading, do pass.
February 5, 1983	Considered correctly engrossed.
February 7, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 8, 1983	Introduced and referred to Committee on Taxation.
March 4, 1983	Committee recommend bill be concurred in. Report adopted.
March 7, 1983	Second reading, concurred in.
March 9, 1983	Third reading, concurred in. Ayes, 47; Noes, 3.

IN THE HOUSE

March 9, 1983	Returned to House.
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March 10, 1983

Sent to enrolling.

Reported correctly
enrolled.

1 House BILL NO. 333 *Rep.*
 2 INTRODUCED BY Boast, A. Lewis, V. Smith, W. M. B. Smith *Boast*
 3 *Kelley*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXTEND INDEFINITELY *Smith*
 5 THE 3-YEAR EXEMPTION FROM THE SEVERANCE TAX AND ONE-HALF THE *Boast*
 6 NET PROCEEDS TAX ON NATURAL GAS PRODUCED FROM A WELL 5,000
 7 FEET DEEP OR DEEPER; AMENDING SECTION 15-36-121, MCA; AND
 8 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 15-36-121, MCA, is amended to read:

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

17 (2) Natural gas produced from a well 5,000 feet deep
 18 or deeper on which drilling was commenced after December 31,
 19 1978, but before December 31, 1982, is exempt from all of
 20 the severance tax imposed by 15-36-101 for 3 years if the
 21 gas produced from the well is:

22 (a) placed into a natural gas distribution system for
 23 delivery to consumers after diligent completion of the well;

24 and

25 (b) distributed by a natural gas distribution system

1 serving only natural gas consumers a majority of which are
 2 within Montana or at least 10,000 natural gas consumers
 3 within Montana.

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

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

10 NEW SECTION. Section 2. Effective date. This act is
 11 effective on passage and approval.

-End-

INTRODUCED BILL

STATE OF MONTANA

REQUEST NO. 170-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 83, there is hereby submitted a Fiscal Note for House Bill 333 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 OF PROPOSED LEGISLATION:

House Bill 333 extends indefinitely the three year exemption from the severance tax and one-half the net proceeds tax on natural gas produced from a well 5,000 feet deep or deeper; and provides an immediate effective date.

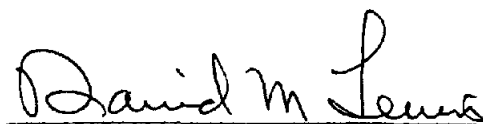
FISCAL IMPACT:

The continuance of the three year exemption from severance tax of natural gas produced from wells 5,000 feet or deeper is implicitly assumed in the Executive Budget's revenue projections. Sufficient information is not available to estimate the impact from allowing the exemption to expire.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The bill claims to exempt wells from one-half of the net proceeds tax, yet the bill makes no reference to the relevant statutes.

FISCAL NOTE 7:F/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-25-83

Approved by committee
on Taxation

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A BILL FOR AN ACT ENTITLED: "AN ACT TO EXTEND ~~INDEFINITELY~~
~~FOR A 10-YEAR PERIOD~~ THE 3-YEAR EXEMPTION FROM THE SEVERANCE
TAX AND ONE-HALF THE NET PROCEEDS TAX ON NATURAL GAS
PRODUCED FROM A WELL 5,000 FEET DEEP OR DEEPER; AMENDING
SECTION 15-36-121, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
DATE."

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

Section 1. Section 15-36-121, MCA, is amended to read:

"15-36-121. Exemption from severance tax. (1) It is
the public policy of this state to promote a sufficient
supply of natural gas to provide for the residents of this
state and to lessen Montana's dependence on imported natural
gas.

(2) Natural gas produced from a well 5,000 feet deep
or deeper on which drilling was commenced after December 31,
1976, ~~but before December 31, 1992,~~ BUT BEFORE DECEMBER 31,
1992, is exempt from all of the severance tax imposed by
15-36-101 for 3 years if the gas produced from the well is:

(a) placed into a natural gas distribution system for
delivery to consumers after diligent completion of the well;

and

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

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

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

~~NEW SECTION.~~ Section 2. Effective date. This act is
effective on passage and approval.

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