

SENATE BILL NO. 148

INTRODUCED BY HIMSL, BLAYLOCK

BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE

IN THE SENATE

January 14, 1983	Introduced and referred to Committee on State Administration.
February 2, 1983	Committee recommend bill do pass. Report adopted. Statement of Intent attached.
February 3, 1983	Bill printed and placed on members' desks.
February 5, 1983	Second reading, do pass.
February 7, 1983	Correctly engrossed.
February 8, 1983	Third reading, passed. Ayes, 47; Noes, 1. Transmitted to House.

IN THE HOUSE

February 9, 1983	Introduced and referred to Committee on Natural Resources.
March 5, 1983	Committee recommend bill be concurred in. Report adopted.
March 7, 1983	Second reading, concurred in.
March 8, 1983	Third reading, concurred in.

IN THE SENATE

March 9, 1983

Returned to Senate.

Sent to enrolling.

Reported correctly
enrolled.

1 2-15-1607;

2 (d) board of podiatry examiners, department of

3 professional and occupational licensing, created by

4 2-15-1608;

5 (3) The following units of state government shall

6 terminate on July 1, 1983:

7 (a) board of aeronautics, department of commerce,

8 created by 2-15-1812;

9 (b) state board of hail insurance, department of

10 agriculture, created by 2-15-3003;

11 (c) board of horseracing, department of commerce,

12 created by 2-15-1881;

13 (d) board of livestock, department of livestock,

14 created by 2-15-3102;

15 (e) board of milk control, department of commerce,

16 created by 2-15-1802;

17 ~~(f) board of oil and gas conservation, department of~~

18 ~~natural resources and conservation, created by 2-15-3383;~~

19 (g)(f) Montana outfitters' council, department of

20 fish, wildlife, and parks, created by 2-15-3403;

21 (h)(g) public service commission, department of public

22 service regulation, created by 69-1-102;

23 (i)(h) board of water and wastewater operators,

24 department of health and environmental sciences, created by

25 2-15-2105;

1 ~~(j)(i)~~ board of water well contractors, department of

2 commerce, created by 2-15-1862.

3 (4) The following agencies terminate on July 1, 1985:

4 (a) the board of public accountants, department of

5 commerce, created by 2-15-1866;

6 (b) the board of architects, department of commerce,

7 created by 2-15-1871;

8 (c) state banking board, department of commerce,

9 created by 2-15-1803;

10 (d) the state electrical board, department of

11 commerce, created by 2-15-1874;

12 (e) the board of professional engineers and land

13 surveyors, department of commerce, created by 2-15-1873;

14 (f) office of commissioner of insurance and the

15 insurance department, state auditor's office, created by

16 2-15-1902 and 2-15-1903;

17 (g) office of the securities commissioner, state

18 auditor's office, created by 2-15-1901;

19 (h) the board of landscape architects, department of

20 commerce, created by 2-15-1872;

21 (i) the board of county printing, department of

22 commerce, created by 2-15-1811;

23 (j) the board of plumbers, department of commerce,

24 created by 2-15-1875;

25 (k) board of physical therapy examiners, department of

1 commerce, created by 2-15-1858.

2 (5) The following agencies terminate on July 1, 1987:

3 (a) commission for human rights, department of labor
4 and industry, created by 2-15-1706;

5 (b) Montana state board of medical examiners,
6 department of commerce, created by 2-15-1841;

7 (c) board of dentistry, department of commerce,
8 created by 2-15-1842;

9 (d) board of pharmacists, department of commerce,
10 created by 2-15-1843;

11 (e) board of nursing, department of commerce, created
12 by 2-15-1844;

13 (f) board of nursing home administrators, department
14 of commerce, created by 2-15-1845;

15 (g) board of optometrists, department of commerce,
16 created by 2-15-1846;

17 (h) board of chiropractors, department of commerce,
18 created by 2-15-1847;

19 (i) board of radiologic technologists, department of
20 commerce, created by 2-15-1848;

21 (j) board of speech pathologists and audiologists,
22 department of commerce, created by 2-15-1849;

23 (k) board of hearing aid dispensers, department of
24 commerce, created by 2-15-1850;

25 (l) board of psychologists, department of commerce,

1 created by 2-15-1851;

2 (m) board of veterinarians, department of commerce,
3 created by 2-15-1852;

4 (n) board of morticians, department of commerce,
5 created by 2-15-1853;

6 (o) board of barbers, department of commerce, created
7 by 2-15-1856;

8 (p) board of cosmetologists, department of commerce,
9 created by 2-15-1857;

10 (q) board of sanitarians, department of commerce,
11 created by 2-15-1861;

12 (r) board of veterans' affairs, department of social
13 and rehabilitation services, created by 2-15-2202.

14 (6) The following agency terminates on July 1, 1989:
15 board of oil and gas conservation, department of natural
16 resources and conservation, created by 2-15-3303."

17 Section 3. Section 15-36-107, MCA, is amended to read:

18 "15-36-107. Procedure to compute tax in absence of
19 statement — penalty and interest. If any such person shall
20 fail, neglect, or refuse to file any statement required by
21 15-36-105 within the time therein required, the department
22 of revenue shall, immediately after such time has expired,
23 proceed to inform itself as best it may regarding the number
24 of barrels of petroleum and other mineral or crude oil or
25 cubic feet of gas extracted and produced by such person in

1 this state during such quarter and during each month thereof
 2 and the average value thereof during each such month and
 3 shall determine and fix the amount of the severance taxes
 4 due to the state from such person for such quarter and shall
 5 add to the amount of such severance taxes a penalty of ~~10%~~
 6 25% thereof plus interest at the rate of 1% per month or
 7 fraction thereof computed on the total amount of severance
 8 taxes and penalty. Interest shall be computed from the date
 9 the severance taxes were due to the date of payment. The
 10 department shall mail to the person required to file a
 11 quarterly statement and pay any severance tax, a letter
 12 setting forth the amount of severance tax, penalty, and
 13 interest due, and the letter shall further contain a
 14 statement that if payment is not made, a warrant for
 15 distraint may be filed. The ~~10%~~ 25% penalty herein provided
 16 may be waived by the department if reasonable cause for the
 17 failure and neglect to file the statement required by
 18 15-36-105 is provided to the department."

19 Section 4. Section 82-11-111, MCA, is amended to read:

20 "82-11-111. Powers and duties of board. (1) The board
 21 shall make such investigations as it considers proper to
 22 determine whether waste exists or is imminent or whether
 23 other facts exist which justify any action by the board
 24 under the authority granted by this chapter with respect
 25 thereto.

1 (2) Subject to the administrative control of the
 2 department under 2-15-121, the board shall:

3 (a) require measures to be taken to prevent
 4 contamination of or damage to surrounding land or
 5 underground strata caused by drilling operations and
 6 production, including but not limited to regulate regulating
 7 the disposal of salt water and oil field wastes;

8 (b) classify wells as oil or gas wells for purposes
 9 material to the interpretation or enforcement of this
 10 chapter;

11 (c) adopt and enforce rules and orders to effectuate
 12 the purposes and the intent of this chapter.

13 (3) The board shall determine and prescribe what
 14 producing wells shall be defined as "stripper wells" and
 15 what wells shall be defined as "wildcat wells" and make such
 16 orders as in its judgment are required to protect those
 17 wells and provide that stripper wells may be produced to
 18 capacity if it is considered necessary in the interest of
 19 conservation to do so.

20 (4) With respect to any pool from which gas was being
 21 produced by a gas well on or prior to April 1, 1953, this
 22 chapter does not authorize the board to limit or restrain
 23 the rate (daily or otherwise) of production of gas from that
 24 pool by any well then or thereafter drilled and producing
 25 from that pool to less than the rate at which the well can

be produced without adversely affecting the quantity of gas ultimately recoverable by the well."

Section 5. Section 82-11-131, MCA, is amended to read:

"82-11-131. Privilege and license tax. (1) For the purpose of providing funds for defraying the expenses of the operation and enforcement of this chapter and expenses of the board, an operator or producer of oil and gas shall pay an assessment not to exceed 2/10 of 1% of the market value of each barrel of crude petroleum originally produced, saved and marketed, or stored within the state or exported from the state and the same rate on the market value of each 10,000 cubic feet of natural gas produced, saved and marketed, or stored within the state or exported therefrom.

(2) The board shall, by order, ~~without prior notice or hearing,~~ rule adopted pursuant to the provisions of the ~~Montana Administrative Procedure Act,~~ fix the amount of the assessment and may from time to time, ~~without prior notice or hearing,~~ reduce or increase the amount thereof ~~as, in its judgment,~~ the expenses chargeable against the oil and gas conservation fund may require. However, the assessment fixed by the board may not exceed the limits prescribed in this section. The amount of the assessment shall be a percentage factor (not to exceed 100%) of the rate set forth in subsection (1) above, and the same percentage factor shall be applied by the board in fixing the amount of the

assessment on each barrel of crude production and each 10,000 cubic feet of natural gas mentioned in that subsection. A producer of the crude petroleum and natural gas shall pay the assessment on each barrel of crude petroleum and each 10,000 cubic feet of natural gas produced for himself, as well as for another, including a royalty holder, and the producer shall be reimbursed for the payments made on crude oil and natural gas produced for another in the same manner as he is reimbursed for net proceeds tax paid on crude petroleum or natural gas produced for another under 15-23-607.

~~(3) The department of revenue shall collect the privilege and license tax assessment in the same manner as the oil and gas severance tax is collected under Title 15, chapter 36."~~

Section 6. Section 82-11-132, MCA, is amended to read:

"82-11-132. Statements to treasurer and payment of tax. (1) Each producer of crude petroleum in the state shall, not later than the last day of each of the calendar months of February, May, August, and November of each calendar year, render a true statement to the state treasurer ~~and a duplicate thereof to the board, the department of revenue, and the board,~~ duly signed and sworn to, of all crude petroleum produced and marketed by him in this state during the preceding quarter and containing such

1 other information as the board may require and shall
2 accompany the statement with the payment to the state
3 treasurer of the assessment provided for in 82-11-131(1) for
4 the period covered by the statement.

5 (2) Each producer of natural gas in the state shall
6 render like statements to the state treasurer, ~~the~~
7 ~~department of revenue, and the board~~ of all natural gas
8 produced and marketed by him in this state and shall make
9 payment of the assessment provided for in 82-11-131(1) at
10 such times and for such periods as may be prescribed by rule
11 of the board.

12 (3) Any producer carrying on business at more than one
13 place or location in this state may include all those places
14 of business in one statement.

15 (4) The assessment imposed herein shall be due at the
16 time the oil or natural gas is marketed. Oil or natural gas
17 shall be deemed marketed when it is removed from the
18 property from which it was produced."

19 Section 7. Section 82-11-133, MCA, is amended to read:

20 "82-11-133. Penalty for late payment. An assessment
21 not paid within the time specified is delinquent, and a
22 penalty of 25% thereof shall be added thereto, and the whole
23 thereof shall bear interest at the rate of 1% per month from
24 the date of delinquency until paid. Upon request of the
25 ~~department of revenue or the~~ board, the attorney general

1 shall commence and prosecute to final determination in any
2 court of competent jurisdiction an action at law to collect
3 the same."

4 NEW SECTION. Section 8. Effective date. This act is
5 effective July 1, 1983.

-End-

1 STATEMENT OF INTENT

2 SENATE BILL 148

3 Senate State Administration Committee

4
5 A statement of intent is required for Senate Bill 148
6 because it grants the Board of Oil and Gas Conservation
7 authority to fix an assessment against each barrel of crude
8 petroleum originally produced.

9 The Legislature intends that the amount assessed be
10 sufficient to provide funds to defray the expenses of
11 enforcing the oil and gas laws and the operations of the
12 board. The assessment shall not be so high as to generate
13 revenue in excess of expenses.

SECOND READING

SB148

Approved by Committee
on State Administration

SENATE BILL NO. 148

INTRODUCED BY HIMSL, BLAYLOCK

BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REESTABLISHING THE BOARD OF OIL AND GAS CONSERVATION UNDER EXISTING STATUTORY AUTHORITY AND RULES; TRANSFERRING COLLECTION OF THE OIL AND GAS PRODUCERS PRIVILEGE AND LICENSE TAX FROM THE BOARD TO THE DEPARTMENT OF REVENUE; PROVIDING UNIFORM PENALTIES; PROVIDING THAT THE PRIVILEGE AND LICENSE TAX RATESETTING IS SUBJECT TO THE MONTANA ADMINISTRATIVE PROCEDURE ACT; CLARIFYING THE BOARD'S REGULATORY AUTHORITY; AMENDING SECTIONS 2-8-103, 15-36-107, 82-11-111, 82-11-131 THROUGH 82-11-133, MCA; AND PROVIDING AN EFFECTIVE DATE."

WHEREAS, the sunset law, sections 2-8-103 and 2-8-112, MCA, terminates the Board of Oil and Gas Conservation and requires a performance evaluation of the Board by the Legislative Audit Committee; and

WHEREAS, as a result of the performance evaluation the Legislative Audit Committee recommends that the Board of Oil and Gas Conservation be reestablished under existing statutory authority.

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

NEW SECTION. Section 1. Reestablishment. The board of oil and gas conservation, created by 2-15-3303, is reestablished with its existing statutory authority and rules for 6 years pursuant to 2-8-122.

Section 2. Section 2-8-103, MCA, is amended to read: "2-8-103. Agencies to terminate. (1) The following agencies shall terminate on July 1, 1979:

(a) board of abstracters, department of professional and occupational licensing, created by 2-15-1643;

(b) board of real estate, department of professional and occupational licensing, created by 2-15-1642;

(c) state board of warm air heating, ventilation, and air conditioning, department of professional and occupational licensing, created by 2-15-1656;

(d) board of institutions, department of institutions, created by 2-15-2303.

(2) The following agencies shall terminate on July 1, 1981:

(a) board of athletics, department of professional and occupational licensing, created by 2-15-1661;

(b) board of massage therapists, department of professional and occupational licensing, created by 2-15-1627;

(c) board of osteopathic physicians, department of professional and occupational licensing, created by

1 2-15-1607;
 2 (d) board of podiatry examiners, department of
 3 professional and occupational licensing, created by
 4 2-15-1608;
 5 (3) The following units of state government shall
 6 terminate on July 1, 1983:
 7 (a) board of aeronautics, department of commerce,
 8 created by 2-15-1812;
 9 (b) state board of hail insurance, department of
 10 agriculture, created by 2-15-3003;
 11 (c) board of horseracing, department of commerce,
 12 created by 2-15-1881;
 13 (d) board of livestock, department of livestock,
 14 created by 2-15-3102;
 15 (e) board of milk control, department of commerce,
 16 created by 2-15-1802;
 17 ~~{f}--board--of--oil--and--gas--conservation--department--of~~
 18 ~~natural--resources--and--conservation--created--by--2-15-3303;~~
 19 {g}{f} Montana outfitters' council, department of
 20 fish, wildlife, and parks, created by 2-15-3403;
 21 {h}{g} public service commission, department of public
 22 service regulation, created by 69-1-102;
 23 {i}{h} board of water and wastewater operators,
 24 department of health and environmental sciences, created by
 25 2-15-2105;

1 {j}{i} board of water well contractors, department of
 2 commerce, created by 2-15-1862.
 3 (4) The following agencies terminate on July 1, 1985:
 4 (a) the board of public accountants, department of
 5 commerce, created by 2-15-1866;
 6 (b) the board of architects, department of commerce,
 7 created by 2-15-1871;
 8 (c) state banking board, department of commerce,
 9 created by 2-15-1803;
 10 (d) the state electrical board, department of
 11 commerce, created by 2-15-1874;
 12 (e) the board of professional engineers and land
 13 surveyors, department of commerce, created by 2-15-1873;
 14 (f) office of commissioner of insurance and the
 15 insurance department, state auditor's office, created by
 16 2-15-1902 and 2-15-1903;
 17 (g) office of the securities commissioner, state
 18 auditor's office, created by 2-15-1901;
 19 (h) the board of landscape architects, department of
 20 commerce, created by 2-15-1872;
 21 (i) the board of county printing, department of
 22 commerce, created by 2-15-1811;
 23 (j) the board of plumbers, department of commerce,
 24 created by 2-15-1875;
 25 (k) board of physical therapy examiners, department of

1 commerce, created by 2-15-1858.
 2 (5) The following agencies terminate on July 1, 1987:
 3 (a) commission for human rights, department of labor
 4 and industry, created by 2-15-1706;
 5 (b) Montana state board of medical examiners,
 6 department of commerce, created by 2-15-1841;
 7 (c) board of dentistry, department of commerce,
 8 created by 2-15-1842;
 9 (d) board of pharmacists, department of commerce,
 10 created by 2-15-1843;
 11 (e) board of nursing, department of commerce, created
 12 by 2-15-1844;
 13 (f) board of nursing home administrators, department
 14 of commerce, created by 2-15-1845;
 15 (g) board of optometrists, department of commerce,
 16 created by 2-15-1846;
 17 (h) board of chiropractors, department of commerce,
 18 created by 2-15-1847;
 19 (i) board of radiologic technologists, department of
 20 commerce, created by 2-15-1848;
 21 (j) board of speech pathologists and audiologists,
 22 department of commerce, created by 2-15-1849;
 23 (k) board of hearing aid dispensers, department of
 24 commerce, created by 2-15-1850;
 25 (l) board of psychologists, department of commerce,

1 created by 2-15-1851;
 2 (m) board of veterinarians, department of commerce,
 3 created by 2-15-1852;
 4 (n) board of morticians, department of commerce,
 5 created by 2-15-1853;
 6 (o) board of barbers, department of commerce, created
 7 by 2-15-1856;
 8 (p) board of cosmetologists, department of commerce,
 9 created by 2-15-1857;
 10 (q) board of sanitarians, department of commerce,
 11 created by 2-15-1861;
 12 (r) board of veterans' affairs, department of social
 13 and rehabilitation services, created by 2-15-2202.
 14 ~~(6) The following agency terminates on July 1, 1989:~~
 15 ~~board of oil and gas conservation, department of natural~~
 16 ~~resources and conservation, created by 2-15-3303."~~
 17 Section 3. Section 15-36-107, MCA, is amended to read:
 18 *15-36-107. Procedure to compute tax in absence of
 19 statement -- penalty and interest. If any such person shall
 20 fail, neglect, or refuse to file any statement required by
 21 15-36-105 within the time therein required, the department
 22 of revenue shall, immediately after such time has expired,
 23 proceed to inform itself as best it may regarding the number
 24 of barrels of petroleum and other mineral or crude oil or
 25 cubic feet of gas extracted and produced by such person in

1 this state during such quarter and during each month thereof
 2 and the average value thereof during each such month and
 3 shall determine and fix the amount of the severance taxes
 4 due to the state from such person for such quarter and shall
 5 add to the amount of such severance taxes a penalty of ~~10%~~
 6 25% thereof plus interest at the rate of 1% per month or
 7 fraction thereof computed on the total amount of severance
 8 taxes and penalty. Interest shall be computed from the date
 9 the severance taxes were due to the date of payment. The
 10 department shall mail to the person required to file a
 11 quarterly statement and pay any severance tax, a letter
 12 setting forth the amount of severance tax, penalty, and
 13 interest due, and the letter shall further contain a
 14 statement that if payment is not made, a warrant for
 15 distraint may be filed. The ~~10%~~ 25% penalty herein provided
 16 may be waived by the department if reasonable cause for the
 17 failure and neglect to file the statement required by
 18 15-36-105 is provided to the department."

19 Section 4. Section 82-11-111, MCA, is amended to read:

20 "82-11-111. Powers and duties of board. (1) The board
 21 shall make such investigations as it considers proper to
 22 determine whether waste exists or is imminent or whether
 23 other facts exist which justify any action by the board
 24 under the authority granted by this chapter with respect
 25 thereto.

1 (2) Subject to the administrative control of the
 2 department under 2-15-121, the board shall:

3 (a) ~~require measures to be taken to prevent~~
 4 ~~contamination of or damage to surrounding land or~~
 5 ~~underground strata caused by drilling operations and~~
 6 ~~production, including but not limited to regulate regulating~~
 7 the disposal of salt water and oil field wastes;

8 (b) classify wells as oil or gas wells for purposes
 9 material to the interpretation or enforcement of this
 10 chapter;

11 (c) adopt and enforce rules and orders to effectuate
 12 the purposes and the intent of this chapter.

13 (3) The board shall determine and prescribe what
 14 producing wells shall be defined as "stripper wells" and
 15 what wells shall be defined as "wildcat wells" and make such
 16 orders as in its judgment are required to protect those
 17 wells and provide that stripper wells may be produced to
 18 capacity if it is considered necessary in the interest of
 19 conservation to do so.

20 (4) With respect to any pool from which gas was being
 21 produced by a gas well on or prior to April 1, 1953, this
 22 chapter does not authorize the board to limit or restrain
 23 the rate (daily or otherwise) of production of gas from that
 24 pool by any well then or thereafter drilled and producing
 25 from that pool to less than the rate at which the well can

1 be produced without adversely affecting the quantity of gas
2 ultimately recoverable by the well."

3 Section 5. Section 82-11-131, MCA, is amended to read:

4 "82-11-131. Privilege and license tax. (1) For the
5 purpose of providing funds for defraying the expenses of the
6 operation and enforcement of this chapter and expenses of
7 the board, an operator or producer of oil and gas shall pay
8 an assessment not to exceed 2/10 of 1% of the market value
9 of each barrel of crude petroleum originally produced, saved
10 and marketed, or stored within the state or exported from
11 the state and the same rate on the market value of each
12 10,000 cubic feet of natural gas produced, saved and
13 marketed, or stored within the state or exported therefrom.

14 (2) The board shall, by order, ~~without prior notice or~~
15 ~~hearing, rule adopted pursuant to the provisions of the~~
16 ~~Montana Administrative Procedure Act,~~ fix the amount of the
17 assessment and may from time to time ~~without prior notice~~
18 ~~or hearing,~~ reduce or increase the amount thereof ~~as in its~~
19 ~~judgment,~~ the expenses chargeable against the oil and gas
20 conservation fund may require. However, the assessment fixed
21 by the board may not exceed the limits prescribed in this
22 section. The amount of the assessment shall be a percentage
23 factor (not to exceed 100%) of the rate set forth in
24 subsection (1) above, and the same percentage factor shall
25 be applied by the board in fixing the amount of the

1 assessment on each barrel of crude production and each
2 10,000 cubic feet of natural gas mentioned in that
3 subsection. A producer of the crude petroleum and natural
4 gas shall pay the assessment on each barrel of crude
5 petroleum and each 10,000 cubic feet of natural gas produced
6 for himself, as well as for another, including a royalty
7 holder, and the producer shall be reimbursed for the
8 payments made on crude oil and natural gas produced for
9 another in the same manner as he is reimbursed for net
10 proceeds tax paid on crude petroleum or natural gas produced
11 for another under 15-23-607.

12 ~~(3) The department of revenue shall collect the~~
13 ~~privilege and license tax assessment in the same manner as~~
14 ~~the oil and gas severance tax is collected under Title 15,~~
15 ~~chapter 36."~~

16 Section 6. Section 82-11-132, MCA, is amended to read:

17 "82-11-132. Statements to treasurer and payment of
18 tax. (1) Each producer of crude petroleum in the state
19 shall, not later than the last day of each of the calendar
20 months of February, May, August, and November of each
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22 treasurer ~~and a duplicate thereof to the board, the~~
23 ~~department of revenue, and the board,~~ duly signed and sworn
24 to, of all crude petroleum produced and marketed by him in
25 this state during the preceding quarter and containing such

1 other information as the board may require and shall
2 accompany the statement with the payment to the state
3 treasurer of the assessment provided for in 82-11-131(1) for
4 the period covered by the statement.

5 (2) Each producer of natural gas in the state shall
6 render like statements to the state treasurer, ~~the~~
7 ~~department of revenues and the board~~ of all natural gas
8 produced and marketed by him in this state and shall make
9 payment of the assessment provided for in 82-11-131(1) at
10 such times and for such periods as may be prescribed by rule
11 of the board.

12 (3) Any producer carrying on business at more than one
13 place or location in this state may include all those places
14 of business in one statement.

15 (4) The assessment imposed herein shall be due at the
16 time the oil or natural gas is marketed. Oil or natural gas
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18 property from which it was produced."

19 Section 7. Section 82-11-133, MCA, is amended to read:

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21 not paid within the time specified is delinquent, and a
22 penalty of 25% thereof shall be added thereto, and the whole
23 thereof shall bear interest at the rate of 1% per month from
24 the date of delinquency until paid. Upon request of the
25 ~~department of revenue or the~~ board, the attorney general

1 shall commence and prosecute to final determination in any
2 court of competent jurisdiction an action at law to collect
3 the same."

4 ~~NEW SECTION.~~ Section 8. Effective date. This act is
5 effective July 1, 1983.

-End-

1 STATEMENT OF INTENT

2 SENATE BILL 148

3 Senate State Administration Committee

4
5 A statement of intent is required for Senate Bill 148
6 because it grants the Board of Oil and Gas Conservation
7 authority to fix an assessment against each barrel of crude
8 petroleum originally produced.

9 The Legislature intends that the amount assessed be
10 sufficient to provide funds to defray the expenses of
11 enforcing the oil and gas laws and the operations of the
12 board. The assessment shall not be so high as to generate
13 revenue in excess of expenses.

THIRD READING

SB 148

Approved by Committee
on State Administration

SENATE BILL NO. 148

INTRODUCED BY HIMSL, BLAYLOCK

BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REESTABLISHING THE BOARD OF OIL AND GAS CONSERVATION UNDER EXISTING STATUTORY AUTHORITY AND RULES; TRANSFERRING COLLECTION OF THE OIL AND GAS PRODUCERS PRIVILEGE AND LICENSE TAX FROM THE BOARD TO THE DEPARTMENT OF REVENUE; PROVIDING UNIFORM PENALTIES; PROVIDING THAT THE PRIVILEGE AND LICENSE TAX RATESETTING IS SUBJECT TO THE MONTANA ADMINISTRATIVE PROCEDURE ACT; CLARIFYING THE BOARD'S REGULATORY AUTHORITY; AMENDING SECTIONS 2-8-103, 15-36-107, 82-11-111, 82-11-131 THROUGH 82-11-133, MCA; AND PROVIDING AN EFFECTIVE DATE."

WHEREAS, the sunset law, sections 2-8-103 and 2-8-112, MCA, terminates the Board of Oil and Gas Conservation and requires a performance evaluation of the Board by the Legislative Audit Committee; and

WHEREAS, as a result of the performance evaluation the Legislative Audit Committee recommends that the Board of Oil and Gas Conservation be reestablished under existing statutory authority.

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~~NEW SECTION.~~ Section 1. Reestablishment. The board of oil and gas conservation, created by 2-15-3303, is reestablished with its existing statutory authority and rules for 6 years pursuant to 2-8-122.

Section 2. Section 2-8-103, MCA, is amended to read:

"2-8-103. Agencies to terminate. (1) The following agencies shall terminate on July 1, 1979:

(a) board of abstracters, department of professional and occupational licensing, created by 2-15-1643;

(b) board of real estate, department of professional and occupational licensing, created by 2-15-1642;

(c) state board of warm air heating, ventilation, and air conditioning, department of professional and occupational licensing, created by 2-15-1656;

(d) board of institutions, department of institutions, created by 2-15-2303.

(2) The following agencies shall terminate on July 1, 1981:

(a) board of athletics, department of professional and occupational licensing, created by 2-15-1661;

(b) board of massage therapists, department of professional and occupational licensing, created by 2-15-1627;

(c) board of osteopathic physicians, department of professional and occupational licensing, created by

1 2-15-1607;

2 (d) board of podiatry examiners, department of

3 professional and occupational licensing, created by

4 2-15-1608;

5 (3) The following units of state government shall

6 terminate on July 1, 1983:

7 (a) board of aeronautics, department of commerce,

8 created by 2-15-1812;

9 (b) state board of hail insurance, department of

10 agriculture, created by 2-15-3003;

11 (c) board of horseracing, department of commerce,

12 created by 2-15-1881;

13 (d) board of livestock, department of livestock,

14 created by 2-15-3102;

15 (e) board of milk control, department of commerce,

16 created by 2-15-1802;

17 ~~(f) board of oil and gas conservation, department of~~

18 ~~natural resources and conservation, created by 2-15-3303;~~

19 (g) Montana outfitters' council, department of

20 fish, wildlife, and parks, created by 2-15-3403;

21 (h) public service commission, department of public

22 service regulation, created by 69-1-102;

23 (i) board of water and wastewater operators,

24 department of health and environmental sciences, created by

25 2-15-2105;

1 (j) board of water well contractors, department of

2 commerce, created by 2-15-1862.

3 (4) The following agencies terminate on July 1, 1985:

4 (a) the board of public accountants, department of

5 commerce, created by 2-15-1866;

6 (b) the board of architects, department of commerce,

7 created by 2-15-1871;

8 (c) state banking board, department of commerce,

9 created by 2-15-1803;

10 (d) the state electrical board, department of

11 commerce, created by 2-15-1874;

12 (e) the board of professional engineers and land

13 surveyors, department of commerce, created by 2-15-1873;

14 (f) office of commissioner of insurance and the

15 insurance department, state auditor's office, created by

16 2-15-1902 and 2-15-1903;

17 (g) office of the securities commissioner, state

18 auditor's office, created by 2-15-1901;

19 (h) the board of landscape architects, department of

20 commerce, created by 2-15-1872;

21 (i) the board of county printing, department of

22 commerce, created by 2-15-1811;

23 (j) the board of plumbers, department of commerce,

24 created by 2-15-1875;

25 (k) board of physical therapy examiners, department of

1 commerce, created by 2-15-1858.

2 (5) The following agencies terminate on July 1, 1987:

3 (a) commission for human rights, department of labor
4 and industry, created by 2-15-1706;

5 (b) Montana state board of medical examiners,
6 department of commerce, created by 2-15-1841;

7 (c) board of dentistry, department of commerce,
8 created by 2-15-1842;

9 (d) board of pharmacists, department of commerce,
10 created by 2-15-1843;

11 (e) board of nursing, department of commerce, created
12 by 2-15-1844;

13 (f) board of nursing home administrators, department
14 of commerce, created by 2-15-1845;

15 (g) board of optometrists, department of commerce,
16 created by 2-15-1846;

17 (h) board of chiropractors, department of commerce,
18 created by 2-15-1847;

19 (i) board of radiologic technologists, department of
20 commerce, created by 2-15-1848;

21 (j) board of speech pathologists and audiologists,
22 department of commerce, created by 2-15-1849;

23 (k) board of hearing aid dispensers, department of
24 commerce, created by 2-15-1850;

25 (l) board of psychologists, department of commerce,

1 created by 2-15-1851;

2 (m) board of veterinarians, department of commerce,
3 created by 2-15-1852;

4 (n) board of morticians, department of commerce,
5 created by 2-15-1853;

6 (o) board of barbers, department of commerce, created
7 by 2-15-1856;

8 (p) board of cosmetologists, department of commerce,
9 created by 2-15-1857;

10 (q) board of sanitarians, department of commerce,
11 created by 2-15-1861;

12 (r) board of veterans' affairs, department of social
13 and rehabilitation services, created by 2-15-2202.

14 ~~(6) The following agency terminates on July 1, 1989:~~
15 ~~board of oil and gas conservation, department of natural~~
16 ~~resources and conservation, created by 2-15-3303.~~

17 Section 3. Section 15-36-107, MCA, is amended to read:

18 "15-36-107. Procedure to compute tax in absence of
19 statement -- penalty and interest. If any such person shall
20 fail, neglect, or refuse to file any statement required by
21 15-36-105 within the time therein required, the department
22 of revenue shall, immediately after such time has expired,
23 proceed to inform itself as best it may regarding the number
24 of barrels of petroleum and other mineral or crude oil or
25 cubic feet of gas extracted and produced by such person in

1 this state during such quarter and during each month thereof
 2 and the average value thereof during each such month and
 3 shall determine and fix the amount of the severance taxes
 4 due to the state from such person for such quarter and shall
 5 add to the amount of such severance taxes a penalty of ~~10%~~
 6 ~~25%~~ thereof plus interest at the rate of 1% per month or
 7 fraction thereof computed on the total amount of severance
 8 taxes and penalty. Interest shall be computed from the date
 9 the severance taxes were due to the date of payment. The
 10 department shall mail to the person required to file a
 11 quarterly statement and pay any severance tax, a letter
 12 setting forth the amount of severance tax, penalty, and
 13 interest due, and the letter shall further contain a
 14 statement that if payment is not made, a warrant for
 15 distraint may be filed. The ~~10%~~ ~~25%~~ penalty herein provided
 16 may be waived by the department if reasonable cause for the
 17 failure and neglect to file the statement required by
 18 15-36-105 is provided to the department."

19 Section 4. Section 82-11-111, MCA, is amended to read:

20 "82-11-111. Powers and duties of board. (1) The board
 21 shall make such investigations as it considers proper to
 22 determine whether waste exists or is imminent or whether
 23 other facts exist which justify any action by the board
 24 under the authority granted by this chapter with respect
 25 thereto.

1 (2) Subject to the administrative control of the
 2 department under 2-15-121, the board shall:

3 ~~(a) require measures to be taken to prevent~~
 4 ~~contamination of or damage to surrounding land or~~
 5 ~~underground strata caused by drilling operations and~~
 6 ~~productions including but not limited to regulate regulating~~
 7 the disposal of salt water and oil field wastes;

8 (b) classify wells as oil or gas wells for purposes
 9 material to the interpretation or enforcement of this
 10 chapter;

11 (c) adopt and enforce rules and orders to effectuate
 12 the purposes and the intent of this chapter.

13 (3) The board shall determine and prescribe what
 14 producing wells shall be defined as "stripper wells" and
 15 what wells shall be defined as "wildcat wells" and make such
 16 orders as in its judgment are required to protect those
 17 wells and provide that stripper wells may be produced to
 18 capacity if it is considered necessary in the interest of
 19 conservation to do so.

20 (4) With respect to any pool from which gas was being
 21 produced by a gas well on or prior to April 1, 1953, this
 22 chapter does not authorize the board to limit or restrain
 23 the rate (daily or otherwise) of production of gas from that
 24 pool by any well then or thereafter drilled and producing
 25 from that pool to less than the rate at which the well can

be produced without adversely affecting the quantity of gas ultimately recoverable by the well."

Section 5. Section 82-11-131, MCA, is amended to read:

"82-11-131. Privilege and license tax. (1) For the purpose of providing funds for defraying the expenses of the operation and enforcement of this chapter and expenses of the board, an operator or producer of oil and gas shall pay an assessment not to exceed 2/10 of 1% of the market value of each barrel of crude petroleum originally produced, saved and marketed, or stored within the state or exported from the state and the same rate on the market value of each 10,000 cubic feet of natural gas produced, saved and marketed, or stored within the state or exported therefrom.

(2) The board shall, by order, ~~without prior notice or hearing,~~ rule adopted pursuant to the provisions of the Montana Administrative Procedure Act, fix the amount of the assessment and may from time to time ~~without prior notice or hearing,~~ reduce or increase the amount thereof ~~as in its judgment,~~ the expenses chargeable against the oil and gas conservation fund may require. However, the assessment fixed by the board may not exceed the limits prescribed in this section. The amount of the assessment shall be a percentage factor (not to exceed 100%) of the rate set forth in subsection (1) above, and the same percentage factor shall be applied by the board in fixing the amount of the

assessment on each barrel of crude production and each 10,000 cubic feet of natural gas mentioned in that subsection. A producer of the crude petroleum and natural gas shall pay the assessment on each barrel of crude petroleum and each 10,000 cubic feet of natural gas produced for himself, as well as for another, including a royalty holder, and the producer shall be reimbursed for the payments made on crude oil and natural gas produced for another in the same manner as he is reimbursed for net proceeds tax paid on crude petroleum or natural gas produced for another under 15-23-607.

~~(3) The department of revenue shall collect the privilege and license tax assessment in the same manner as the oil and gas severance tax is collected under Title 15, chapter 36."~~

Section 6. Section 82-11-132, MCA, is amended to read:

"82-11-132. Statements to treasurer and payment of tax. (1) Each producer of crude petroleum in the state shall, not later than the last day of each of the calendar months of February, May, August, and November of each calendar year, render a true statement to the state treasurer ~~and a duplicate thereof to the board,~~ the department of revenue, and the board, duly signed and sworn to, of all crude petroleum produced and marketed by him in this state during the preceding quarter and containing such

1 other information as the board may require and shall
2 accompany the statement with the payment to the state
3 treasurer of the assessment provided for in 82-11-131(1) for
4 the period covered by the statement.

5 (2) Each producer of natural gas in the state shall
6 render like statements to the state treasurer, ~~the~~
7 ~~department of revenue, and the board~~ of all natural gas
8 produced and marketed by him in this state and shall make
9 payment of the assessment provided for in 82-11-131(1) at
10 such times and for such periods as may be prescribed by rule
11 of the board.

12 (3) Any producer carrying on business at more than one
13 place or location in this state may include all those places
14 of business in one statement.

15 (4) The assessment imposed herein shall be due at the
16 time the oil or natural gas is marketed. Oil or natural gas
17 shall be deemed marketed when it is removed from the
18 property from which it was produced."

19 Section 7. Section 82-11-133, MCA, is amended to read:

20 "82-11-133. Penalty for late payment. An assessment
21 not paid within the time specified is delinquent, and a
22 penalty of 25% thereof shall be added thereto, and the whole
23 thereof shall bear interest at the rate of 1% per month from
24 the date of delinquency until paid. Upon request of the
25 ~~department of revenue or the~~ board, the attorney general

1 shall commence and prosecute to final determination in any
2 court of competent jurisdiction an action at law to collect
3 the same."

4 NEW SECTION. Section 8. Effective date. This act is
5 effective July 1, 1983.

-End-

1 STATEMENT OF INTENT

2 SENATE BILL 148

3 Senate State Administration Committee

4
5 A statement of intent is required for Senate Bill 148

6 because it grants the Board of Oil and Gas Conservation
7 authority to fix an assessment against each barrel of crude
8 petroleum originally produced.

9 The Legislature intends that the amount assessed be
10 sufficient to provide funds to defray the expenses of
11 enforcing the oil and gas laws and the operations of the
12 board. The assessment shall not be so high as to generate
13 revenue in excess of expenses.

REFERENCE BILL

SB 148

SENATE BILL NO. 148

INTRODUCED BY HIMSL, BLAYLOCK

BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REESTABLISHING THE BOARD OF OIL AND GAS CONSERVATION UNDER EXISTING STATUTORY AUTHORITY AND RULES; TRANSFERRING COLLECTION OF THE OIL AND GAS PRODUCERS PRIVILEGE AND LICENSE TAX FROM THE BOARD TO THE DEPARTMENT OF REVENUE; PROVIDING UNIFORM PENALTIES; PROVIDING THAT THE PRIVILEGE AND LICENSE TAX RATESETTING IS SUBJECT TO THE MONTANA ADMINISTRATIVE PROCEDURE ACT; CLARIFYING THE BOARD'S REGULATORY AUTHORITY; AMENDING SECTIONS 2-8-103, 15-36-107, 82-11-111, 82-11-131 THROUGH 82-11-133, MCA; AND PROVIDING AN EFFECTIVE DATE."

WHEREAS, the sunset law, sections 2-8-103 and 2-8-112, MCA, terminates the Board of Oil and Gas Conservation and requires a performance evaluation of the Board by the Legislative Audit Committee; and

WHEREAS, as a result of the performance evaluation the Legislative Audit Committee recommends that the Board of Oil and Gas Conservation be reestablished under existing statutory authority.

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

~~NEW SECTION.~~ Section 1. Reestablishment. The board of oil and gas conservation, created by 2-15-3303, is reestablished with its existing statutory authority and rules for 6 years pursuant to 2-8-122.

Section 2. Section 2-8-103, MCA, is amended to read: "2-8-103. Agencies to terminate. (1) The following agencies shall terminate on July 1, 1979:

(a) board of abstracters, department of professional and occupational licensing, created by 2-15-1643;

(b) board of real estate, department of professional and occupational licensing, created by 2-15-1642;

(c) state board of warm air heating, ventilation, and air conditioning, department of professional and occupational licensing, created by 2-15-1656;

(d) board of institutions, department of institutions, created by 2-15-2303.

(2) The following agencies shall terminate on July 1, 1981:

(a) board of athletics, department of professional and occupational licensing, created by 2-15-1661;

(b) board of massage therapists, department of professional and occupational licensing, created by 2-15-1627;

(c) board of osteopathic physicians, department of professional and occupational licensing, created by

1 2-15-1607;
 2 (d) board of podiatry examiners, department of
 3 professional and occupational licensing, created by
 4 2-15-1608;
 5 (3) The following units of state government shall
 6 terminate on July 1, 1983:
 7 (a) board of aeronautics, department of commerce,
 8 created by 2-15-1812;
 9 (b) state board of hail insurance, department of
 10 agriculture, created by 2-15-3003;
 11 (c) board of horseracing, department of commerce,
 12 created by 2-15-1881;
 13 (d) board of livestock, department of livestock,
 14 created by 2-15-3102;
 15 (e) board of milk control, department of commerce,
 16 created by 2-15-1802;
 17 ~~{f}--board--of--oil--and--gas--conservation--department--of~~
 18 ~~natural-resources-and-conservation--created-by-2-15-3303;~~
 19 {g}{f} Montana outfitters' council, department of
 20 fish, wildlife, and parks, created by 2-15-3403;
 21 {h}{g} public service commission, department of public
 22 service regulation, created by 69-1-102;
 23 {i}{h} board of water and wastewater operators,
 24 department of health and environmental sciences, created by
 25 2-15-2105;

1 {j}{i} board of water well contractors, department of
 2 commerce, created by 2-15-1862.
 3 (4) The following agencies terminate on July 1, 1985:
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 5 commerce, created by 2-15-1866;
 6 (b) the board of architects, department of commerce,
 7 created by 2-15-1871;
 8 (c) state banking board, department of commerce,
 9 created by 2-15-1803;
 10 (d) the state electrical board, department of
 11 commerce, created by 2-15-1874;
 12 (e) the board of professional engineers and land
 13 surveyors, department of commerce, created by 2-15-1873;
 14 (f) office of commissioner of insurance and the
 15 insurance department, state auditor's office, created by
 16 2-15-1902 and 2-15-1903;
 17 (g) office of the securities commissioner, state
 18 auditor's office, created by 2-15-1901;
 19 (h) the board of landscape architects, department of
 20 commerce, created by 2-15-1872;
 21 (i) the board of county printing, department of
 22 commerce, created by 2-15-1811;
 23 (j) the board of plumbers, department of commerce,
 24 created by 2-15-1875;
 25 (k) board of physical therapy examiners, department of

1 commerce, created by 2-15-1858.

2 (5) The following agencies terminate on July 1, 1987:

3 (a) commission for human rights, department of labor

4 and industry, created by 2-15-1706;

5 (b) Montana state board of medical examiners,

6 department of commerce, created by 2-15-1841;

7 (c) board of dentistry, department of commerce,

8 created by 2-15-1842;

9 (d) board of pharmacists, department of commerce,

10 created by 2-15-1843;

11 (e) board of nursing, department of commerce, created

12 by 2-15-1844;

13 (f) board of nursing home administrators, department

14 of commerce, created by 2-15-1845;

15 (g) board of optometrists, department of commerce,

16 created by 2-15-1846;

17 (h) board of chiropractors, department of commerce,

18 created by 2-15-1847;

19 (i) board of radiologic technologists, department of

20 commerce, created by 2-15-1848;

21 (j) board of speech pathologists and audiologists,

22 department of commerce, created by 2-15-1849;

23 (k) board of hearing aid dispensers, department of

24 commerce, created by 2-15-1850;

25 (l) board of psychologists, department of commerce,

1 created by 2-15-1851;

2 (m) board of veterinarians, department of commerce,

3 created by 2-15-1852;

4 (n) board of morticians, department of commerce,

5 created by 2-15-1853;

6 (o) board of barbers, department of commerce, created

7 by 2-15-1856;

8 (p) board of cosmetologists, department of commerce,

9 created by 2-15-1857;

10 (q) board of sanitarians, department of commerce,

11 created by 2-15-1861;

12 (r) board of veterans' affairs, department of social

13 and rehabilitation services, created by 2-15-2202.

14 ~~(6) The following agency terminates on July 1, 1989:~~

15 ~~board of oil and gas conservation, department of natural~~

16 ~~resources and conservation, created by 2-15-3303.~~

17 Section 3. Section 15-36-107, MCA, is amended to read:

18 "15-36-107. Procedure to compute tax in absence of

19 statement -- penalty and interest. If any such person shall

20 fail, neglect, or refuse to file any statement required by

21 15-36-105 within the time therein required, the department

22 of revenue shall, immediately after such time has expired,

23 proceed to inform itself as best it may regarding the number

24 of barrels of petroleum and other mineral or crude oil or

25 cubic feet of gas extracted and produced by such person in

1 this state during such quarter and during each month thereof
 2 and the average value thereof during each such month and
 3 shall determine and fix the amount of the severance taxes
 4 due to the state from such person for such quarter and shall
 5 add to the amount of such severance taxes a penalty of ~~10%~~
 6 25% thereof plus interest at the rate of 1% per month or
 7 fraction thereof computed on the total amount of severance
 8 taxes and penalty. Interest shall be computed from the date
 9 the severance taxes were due to the date of payment. The
 10 department shall mail to the person required to file a
 11 quarterly statement and pay any severance tax, a letter
 12 setting forth the amount of severance tax, penalty, and
 13 interest due, and the letter shall further contain a
 14 statement that if payment is not made, a warrant for
 15 distraint may be filed. The ~~10%~~ 25% penalty herein provided
 16 may be waived by the department if reasonable cause for the
 17 failure and neglect to file the statement required by
 18 15-36-105 is provided to the department."

19 Section 4. Section 82-11-111, MCA, is amended to read:
 20 "82-11-111. Powers and duties of board. (1) The board
 21 shall make such investigations as it considers proper to
 22 determine whether waste exists or is imminent or whether
 23 other facts exist which justify any action by the board
 24 under the authority granted by this chapter with respect
 25 thereto.

1 (2) Subject to the administrative control of the
 2 department under 2-15-121, the board shall:

3 (a) require measures to be taken to prevent
 4 contamination of or damage to surrounding land or
 5 underground strata caused by drilling operations and
 6 production, including but not limited to regulate regulating
 7 the disposal of salt water and oil field wastes;

8 (b) classify wells as oil or gas wells for purposes
 9 material to the interpretation or enforcement of this
 10 chapter;

11 (c) adopt and enforce rules and orders to effectuate
 12 the purposes and the intent of this chapter.

13 (3) The board shall determine and prescribe what
 14 producing wells shall be defined as "stripper wells" and
 15 what wells shall be defined as "wildcat wells" and make such
 16 orders as in its judgment are required to protect those
 17 wells and provide that stripper wells may be produced to
 18 capacity if it is considered necessary in the interest of
 19 conservation to do so.

20 (4) With respect to any pool from which gas was being
 21 produced by a gas well on or prior to April 1, 1953, this
 22 chapter does not authorize the board to limit or restrain
 23 the rate (daily or otherwise) of production of gas from that
 24 pool by any well then or thereafter drilled and producing
 25 from that pool to less than the rate at which the well can

1 be produced without adversely affecting the quantity of gas
2 ultimately recoverable by the well."

3 Section 5. Section 82-11-131, MCA, is amended to read:

4 "82-11-131. Privilege and license tax. (1) For the
5 purpose of providing funds for defraying the expenses of the
6 operation and enforcement of this chapter and expenses of
7 the board, an operator or producer of oil and gas shall pay
8 an assessment not to exceed 2/10 of 1% of the market value
9 of each barrel of crude petroleum originally produced, saved
10 and marketed, or stored within the state or exported from
11 the state and the same rate on the market value of each
12 10,000 cubic feet of natural gas produced, saved and
13 marketed, or stored within the state or exported therefrom.

14 (2) The board shall, by order ~~without prior notice or~~
15 ~~hearing rule adopted pursuant to the provisions of the~~
16 ~~Montana Administrative Procedure Act,~~ fix the amount of the
17 assessment and may from time to time ~~without prior notice~~
18 ~~or hearing,~~ reduce or increase the amount thereof ~~as in its~~
19 ~~judgment,~~ the expenses chargeable against the oil and gas
20 conservation fund may require. However, the assessment fixed
21 by the board may not exceed the limits prescribed in this
22 section. The amount of the assessment shall be a percentage
23 factor (not to exceed 100%) of the rate set forth in
24 subsection (1) above, and the same percentage factor shall
25 be applied by the board in fixing the amount of the

1 assessment on each barrel of crude production and each
2 10,000 cubic feet of natural gas mentioned in that
3 subsection. A producer of the crude petroleum and natural
4 gas shall pay the assessment on each barrel of crude
5 petroleum and each 10,000 cubic feet of natural gas produced
6 for himself, as well as for another, including a royalty
7 holder, and the producer shall be reimbursed for the
8 payments made on crude oil and natural gas produced for
9 another in the same manner as he is reimbursed for net
10 proceeds tax paid on crude petroleum or natural gas produced
11 for another under 15-23-607.

12 ~~(3) The department of revenue shall collect the~~
13 ~~privilege and license tax assessment in the same manner as~~
14 ~~the oil and gas severance tax is collected under Title 15,~~
15 ~~chapter 36.~~"

16 Section 6. Section 82-11-132, MCA, is amended to read:

17 "82-11-132. Statements to treasurer and payment of
18 tax. (1) Each producer of crude petroleum in the state
19 shall, not later than the last day of each of the calendar
20 months of February, May, August, and November of each
21 calendar year, render a true statement to the state
22 treasurer ~~and a duplicate thereof to the board,~~ the
23 ~~department of revenue, and the board,~~ duly signed and sworn
24 to, of all crude petroleum produced and marketed by him in
25 this state during the preceding quarter and containing such

1 other information as the board may require and shall
2 accompany the statement with the payment to the state
3 treasurer of the assessment provided for in 82-11-131(1) for
4 the period covered by the statement.

5 (2) Each producer of natural gas in the state shall
6 render like statements to the state treasurer, ~~the~~
7 ~~department of revenue, and the~~ board of all natural gas
8 produced and marketed by him in this state and shall make
9 payment of the assessment provided for in 82-11-131(1) at
10 such times and for such periods as may be prescribed by rule
11 of the board.

12 (3) Any producer carrying on business at more than one
13 place or location in this state may include all those places
14 of business in one statement.

15 (4) The assessment imposed herein shall be due at the
16 time the oil or natural gas is marketed. Oil or natural gas
17 shall be deemed marketed when it is removed from the
18 property from which it was produced."

19 Section 7. Section 82-11-133, MCA, is amended to read:

20 "82-11-133. Penalty for late payment. An assessment
21 not paid within the time specified is delinquent, and a
22 penalty of 25% thereof shall be added thereto, and the whole
23 thereof shall bear interest at the rate of 1% per month from
24 the date of delinquency until paid. Upon request of the
25 ~~department of revenue or the~~ board, the attorney general

1 shall commence and prosecute to final determination in any
2 court of competent jurisdiction an action at law to collect
3 the same."

4 NEW SECTION. Section 8. Effective date. This act is
5 effective July 1, 1983.

-End-