

1 Senate BILL NO. 262
 2 INTRODUCED BY Rep. Bob Brown
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE
 5 DEFINITION OF NEW PRODUCTION OF NATURAL GAS, PETROLEUM, OR
 6 OTHER CRUDE OR MINERAL OIL TO REFLECT HOW LEASES THAT
 7 INCLUDE LAND BOTH INSIDE AND OUTSIDE OF A POOLED OR UNITIZED
 8 AREA MUST BE CONSIDERED FOR TAXATION PURPOSES; AMENDING
 9 SECTION 15-23-601, MCA; AND PROVIDING A RETROACTIVE
 10 APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE."

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

13 Section 1. Section 15-23-601, MCA, is amended to read:
 14 "15-23-601. Definitions. As used in this part, the
 15 following definitions apply:

16 (1) "Excise tax" means the windfall profit tax on
 17 domestic crude oil imposed by Title I of the federal Crude
 18 Oil Windfall Profit Tax Act of 1980, as enacted or as
 19 amended.

20 (2) The term "new production" means the production of
 21 natural gas, petroleum, or other crude or mineral oil from
 22 any lease that has not produced natural gas, petroleum, or
 23 other crude or mineral oil during the 5 years immediately
 24 preceding the first month of qualified new production. For
 25 purposes of defining new production:

1 (a) if a lease contains land that is partly within and
 2 partly outside of a pooled or unitized area, the land that
 3 is outside of the pooled or unitized area must be considered
 4 a separate lease; and

5 (b) a pooled or unitized area must be considered a
 6 separate lease.

7 (3) The terms "operator" and "producer" mean any
 8 person who engages in the business of drilling for,
 9 extracting, or producing any natural gas, petroleum, or
 10 other crude or mineral oil.

11 (4) The term "well" includes each single well or group
 12 of wells, including dry wells, in one field or production
 13 unit and under the control of one operator or producer."

14 NEW SECTION. Section 2. Applicability. This act
 15 applies retroactively, within the meaning of 1-2-109, to
 16 occurrences after July 1, 1985.

17 NEW SECTION. Section 3. Extension of authority. Any
 18 existing authority of the department of revenue to make
 19 rules on the subject of the provisions of this act is
 20 extended to the provisions of this act.

21 NEW SECTION. Section 4. Effective date. This act is
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-End-



STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB262, as introduced.


DESCRIPTION OF PROPOSED LEGISLATION:

An act to revise the definition of new production of natural gas, petroleum, or other crude or mineral oil to reflect how leases that include land both inside and outside of a pooled or unitized area must be considered for taxation purposes; amending section 15-23-601, MCA; and providing a retroactive applicability date and an immediate effective date.

FISCAL IMPACT:

Under this proposal, an undeterminable amount of existing oil and natural gas production would be classified as new production. In some taxing jurisdictions this would have a positive fiscal impact. In other jurisdictions there would be a negative impact. It is not possible to accurately predict the overall revenue impact of this proposal.

 DATE 2/9/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

 DATE _____
DELWYN GAGE, PRIMARY SPONSOR
Fiscal Note for SB262, as introduced.
SB262

APPROVED BY COMM. ON
NATURAL RESOURCES

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-2- SECOND READING
58-262

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SENATE BILL NO. 262

INTRODUCED BY GAGE, B. BROWN

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