SENATE BILL NO. 262

INTRODUCED BY GAGE, B. BROWN

IN THE SENATE

FEBRUARY 2, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON NATURAL RESOURCES.
FEBRUARY 18, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 19, 1987	PRINTING REPORT.
FEBRUARY 20, 1987	SECOND READING, DO PASS.
FEBRUARY 21, 1987	ENGROSSING REPORT.
FEBRUARY 23, 1987	THIRD READING, PASSED. AYES, 49; NOES, 0.
	TRANSMITTED TO HOUSE.
	IN THE HOUSE
FEBRUARY 24, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON NATURAL RESOURCES.
MARCH 10, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 13, 1987	SECOND READING, CONCURRED IN.
MARCH 14, 1987	THIRD READING, CONCURRED IN. AYES, 91; NOES, 6.
	RETURNED TO SENATE.
	IN THE SENATE

MARCH 17, 1987

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

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2	INTRODUCED BY JAM BOG (Sown
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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

other crude or mineral oil during the 5 years immediately

preceding the first month of qualified new production. For

purposes of defining new production:

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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

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es on the subject of the provisions of this act is extended to the provisions of this act. NEW SECTION. Section 4. Effective date. This act is

-End-

effective on passage and approval.

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.

DAVID L. HUNTER, BODGET DIRECTOR
Office of Budget and Program Planning

DELWYN GASE, PRIMARY SPONSOR

DATE

Fiscal Note for SB262, as introduced.

APPROVED BY COMM. ON NATURAL RESOURCES

1.			Senate BILL NO. 262
2	INTRODUCED	BY	Bol Bown

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A BILL FOR AN ACT ENTITLED: "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."

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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:

- (1) "Excise tax" means the windfall profit tax on domestic crude oil imposed by Title I of the federal Crude Oil Windfall Profit Tax Act of 1980, as enacted or as amended.
- (2) The term "new production" means the production of natural gas, petroleum, or other crude or mineral oil from any lease that has not produced natural gas, petroleum, or other crude or mineral oil during the 5 years immediately preceding the first month of qualified new production. For purposes of defining new production:



l	(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

- (b) a pooled or unitized area must be considered a
 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."
- NEW SECTION. Section 2. Applicability. This act applies retroactively, within the meaning of 1-2-109, to occurrences after July 1, 1985.
- NEW SECTION. Section 3. Extension of authority. Any existing authority of the department of revenue to make rules on the subject of the provisions of this act is extended to the provisions of this act.
- NEW SECTION. Section 4. Effective date. This act is effective on passage and approval.

End-

___ SECOND READING 58-262

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Alnote BILL NO. 262

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SB 0262/02

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