

SENATE BILL NO. 206

INTRODUCED BY BRUSKI-MAUS, KENNEDY, RYE,
L. NELSON, TVEIT, WELDON, LARSON, REA, GAGE,
BECK, J. JOHNSON, S. HANSEN, GALVIN, BARNETT,
SPRING, KELLER, M. HANSON, BENEDICT, BIANCHI,
PECK, JERGESON, HIBBARD, HAYNE, WALLIN, BACHINI,
REAM, WEEDING, BRANDEWIE, HOCKETT, TUNBY

IN THE SENATE

JANUARY 19, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
JANUARY 28, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
JANUARY 29, 1993	PRINTING REPORT.
	SECOND READING, DO PASS.
JANUARY 30, 1993	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 42; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 1, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
MARCH 6, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 13, 1993	SECOND READING, CONCURRED IN.
	ON MOTION, REREFERRED TO COMMITTEE ON APPROPRIATIONS.
MARCH 19, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 30, 1993	SECOND READING, CONCURRED IN.
APRIL 1, 1993	THIRD READING, CONCURRED IN.

AYES, 66; NOES, 32.

RETURNED TO SENATE.

IN THE SENATE

APRIL 2, 1993

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

Senate BILL NO. *206*

INTRODUCED BY *Brink, Wynn, Kennedy, Ryan, L. N. L.*

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT AVERAGE

DAILY PRODUCTION OF 60,000 CUBIC FEET OR LESS FROM A NATURAL

GAS WELL IS EXEMPT FROM THE 7 PERCENT SEVERANCE TAX SURTAX

AMENDING SECTION 15-36-126, MCA; AND PROVIDING AN IMMEDIATE

EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-36-126, MCA, is amended to read:

"15-36-126. (Temporary) Surtax. (1) Each person required to pay the severance tax under this chapter on oil and gas production, other than production from a stripper well and production from a natural gas well taxed as provided in 15-36-121, shall pay, in addition to the tax liability computed as required in 15-36-101 ~~and 15-36-121~~, a surtax of 7% of the tax liability.

(2) The additional tax must be deposited to the credit of the state general fund."

NEW SECTION. Section 2. Effective date -- retroactive applicability. [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to natural gas production occurring after June 30, 1992.

-End-



SB 206
INTRODUCED BILL

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0206, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

an act clarifying that average daily production of 60,000 cubic feet or less from a natural gas well is exempt from the 7 percent severance tax surtax; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

- Natural gas state severance surtax collections are \$65,153 in FY93 and \$21,718 in FY94 (MDOR).
- Natural gas local government severance surtax collections are \$305,749 in FY94 and \$101,916 in FY95 (MDOR).
- Total production from natural gas wells averaging less than 60,000 cubic feet per day makes up 56.67% of total natural gas production (MDOR).
- Of all production from natural gas wells averaging less than 60,000 cubic feet per day, 84.65% is currently exempt from the state severance surtax (MDOR).
- The state severance tax rate on natural gas production greater than 30,000 cubic feet per day from wells which average less than 60,000 cubic feet per day is 1.59% of gross value (MDOR).
- The state severance tax rate on natural gas production from wells which produce more than 60,000 cubic feet per day is 2.65% of gross value (MDOR).
- The local government severance tax rate on natural gas production from wells averaging less than 60,000 cubic feet per day is 10.00% of gross value (MDOR).
- The local government severance tax rate on natural gas production from wells averaging more than 60,000 cubic feet per day is 15.25% of gross value (MDOR).

FISCAL IMPACT:Revenues:

	<u>FY '94</u>			<u>FY '95</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
State Severance Tax Surtax	22,000	19,000	(3,000)	0	0	0
GST Natural Gas Surtax	306,000	165,000	(141,000)	102,000	55,000	(47,000)
Total	328,000	184,000	(144,000)	102,000	55,000	(47,000)
General Fund	328,000	184,000	(144,000)	102,000	55,000	(47,000)

There is also a \$7,000 (General Fund) loss in state severance tax revenue during FY93 due to the proposed legislation.

David Lewis 1-21-93
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Betty Bruski-Maus 1-22-93
 BETTY BRUSKI-MAUS, PRIMARY SPONSOR DATE

Fiscal Note for SB0206, as introduced

58 206

APPROVED BY COMMITTEE
ON TAXATION

Senate BILL NO. *206*

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(2) The additional tax must be deposited to the credit of the state general fund."

NEW SECTION. Section 2. Effective date -- retroactive applicability. [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to natural gas production occurring after June 30, 1992.

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Senate BILL NO. *206*

INTRODUCED BY

Bruce Wena Kennedy

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT AVERAGE DAILY PRODUCTION OF 60,000 CUBIC FEET OR LESS FROM A NATURAL GAS WELL IS EXEMPT FROM THE 7 PERCENT SEVERANCE TAX. SURTAX."

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SB 206
THIRD READING

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11 GAS WELL IS EXEMPT FROM THE 7 PERCENT SEVERANCE TAX SURTAX;
12 AMENDING SECTION 15-36-126, MCA; AND PROVIDING AN IMMEDIATE
13 EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."
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