

## 1 SENATE BILL NO. 122

2 INTRODUCED BY GAGE

3 BY REQUEST OF THE DEPARTMENT OF REVENUE

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5 A BILL FOR AN ACT ENTITLED: "AN ACT MAKING OPERATORS PERSONALLY LIABLE FOR THE PAYMENT  
6 OF OIL AND NATURAL GAS PRODUCTION TAXES; REQUIRING OPERATORS TO DEDUCT TAXES FROM  
7 ALL OTHER OWNERS; AMENDING SECTION 15-36-310, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

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11 **Section 1.** Section 15-36-310, MCA, is amended to read:

12 **"15-36-310. Operator responsible for payment -- deduction of taxes from ~~royalty~~ other owner**  
13 **payments -- personal liability.** (1) Each operator required to pay the oil and natural gas production tax under  
14 this part shall pay the tax in full for the operator's own account and for the account of each of the other  
15 owners of the gross value of product or in kind of all the marketable oil or natural gas produced and sold.  
16 Other owners include an owner or owners of working interest, royalty interest, overriding royalty interest,  
17 carried working interest, production payments, and all other interest or interests owned or carved out of  
18 the total gross value of product or in kind of the extracted marketable oil or natural gas.

19 (2) Unless otherwise provided in a contract or lease, the pro rata share of any ~~royalty~~ other owner  
20 or owners must be deducted from any settlements under the lease or leases or division of proceeds orders  
21 or other contracts.

22 (3) Each operator shall hold in trust for the state the amounts deducted or otherwise received by  
23 the operator on account of the other owners under the provisions of subsection (2).

24 (4) With respect to the tax, including penalties and interest, imposed under this part, the operator  
25 is the taxpayer.

26 (5) The individual, corporation, or partnership or the officer or employee of a corporation or the  
27 member or employee of a partnership whose duty it is to collect, account for, and pay the tax imposed  
28 under this part and who fails to pay the tax is personally liable for the amount of tax and penalty and  
29 interest due."

