FISCAL NOTE

	FY 2021	FY 2022	FY 2023
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue /(decrease)			
GENERAL FUND	($4,000,000)	($4,000,000)	($1,200,000)
BUDGET RESERVE ACCOUNT	($8,000,000)	($8,000,000)	($2,400,000)

Source of revenue (decrease):
Crude oil and natural gas produced from wells drilled on or after January 1, 2020 would be exempt from 2% of the total 6% severance tax rate for the first 6 months and exempt from 1% of the total 6% severance tax for the next 6 months.

The exemption would not apply to crude oil production when the 12-month rolling average of the West Texas Intermediate (WTI) spot price of sweet crude oil is $60/barrel or more at the time of production. The exemption would not apply to natural gas production when the 12-month rolling average of the Henry Hub spot price is $2.95/MCF or more at the time of production. All oil and gas production from wells drilled after January 1, 2020 sold at the Consensus Revenue Estimating Group's (CREG's) current price forecasts for crude oil and natural gas in FY 2021 and FY 2022 would be eligible for the severance tax exemption in the bill. All gas production from wells drilled after January 1, 2020 sold at the CREG current price forecast for natural gas would be eligible for the severance tax exemption through FY 2023.

The bill increases the severance tax rate by 2% on crude oil production from wells drilled on or after July 1, 2020 when the 12-month rolling average of the WTI spot price of sweet crude oil is $80/barrel or more at the time of production. The bill increases the severance tax rate by 2% on natural gas production from wells drilled on or after July 1, 2020 when the 12-month rolling average of the Henry Hub spot price of natural gas is $3.50/MCF or more at the time of production. The additional tax would not apply for more than 24 months. No crude oil or natural gas production from wells drilled after July 1, 2020 sold at the CREG's current price forecasts for crude oil and natural gas would be subject to this tax increase.

Assumptions:
The above estimate is based on Wyoming Oil & Gas Conservation Commission new well sales volumes in 2018, as projected for 2019 SF 0134. It is assumed that new well sales would remain constant at 2018 levels. It is assumed the exemptions would apply to crude oil and natural gas production from new wells in FY 2021 and FY 2022, and would apply to natural gas production from new wells in FY 2023.

The fiscal impact described above does not include the potential revenue increase in severance taxes and ad valorem taxes on increased production that would not otherwise take place without the proposed exemption. The increased production resulting from the proposed exemption cannot be determined at this time.

Any additional fiscal or personnel impact is not determinable due to insufficient time to complete the fiscal note process.

Prepared by: Dean Temte, LSO Phone: 777-7881