

## HOUSE BILL NO. HB0243

Oil and gas tax-new production.

Sponsored by: Representative(s) Burkhardt and Harshman

A BILL

for

1 AN ACT relating to mine product taxes; providing an  
2 additional tax on crude oil and natural gas in specified  
3 price environments; providing an exemption for production  
4 of crude oil and natural gas; providing limitations on the  
5 exemption; providing a sunset date; and providing for an  
6 effective date.

7

8 *Be It Enacted by the Legislature of the State of Wyoming:*

9

10 **Section 1.** W.S. 39-14-204(a)(iv) and by creating a  
11 new subsection (b) and 39-14-205 by creating new  
12 subsections (n) through (p) is amended to read:

13

14 **39-14-204. Tax rate.**

15

1           (a) Except as otherwise provided by this section and  
2 W.S. 39-14-205, the total severance tax on crude oil, lease  
3 condensate or natural gas shall be six percent (6%),  
4 comprising one and one-half percent (1.5%) imposed by the  
5 Wyoming constitution article 15, section 19 and the  
6 remaining amount imposed by Wyoming statute. The tax shall  
7 be distributed as provided in W.S. 39-14-211 and is imposed  
8 as follows:

9  
10           (iv) Two percent (2%) except as provided in W.S.  
11 39-14-204(n) and subsection (b) of this section.

12  
13           **(b) In addition to the tax under subsection (a) of**  
14 **this section, crude oil and natural gas production**  
15 **resulting from any well that is drilled on or after July 1,**  
16 **2020, after certification by the oil and gas conservation**  
17 **commission using the increase in rig count over a ninety**  
18 **(90) day lookback period, shall be subject to an additional**  
19 **tax of two percent (2%) which shall be administered as if**  
20 **the tax under paragraph (a)(iv) was four percent (4%) and**  
21 **the total tax under subsection (a) of this section was**  
22 **eight percent (8%). Subject to W.S. 39-14-205(o), the**  
23 **additional tax under this subsection shall only apply to**

1 natural gas production when the twelve (12) month rolling  
2 average of the Henry hub spot price for natural gas is  
3 three dollars and fifty cents (\$3.50) or more per thousand  
4 cubic feet at the time of production and shall only apply  
5 to the production of crude oil when the twelve (12) month  
6 rolling average of the West Texas Intermediate (WTI) spot  
7 price of sweet crude oil is eighty dollars (\$80.00) or more  
8 per barrel at the time of production. The additional tax  
9 under this subsection shall not apply to any well for more  
10 than twenty-four (24) months. This subsection is repealed  
11 effective December 31, 2025.

12

13 **39-14-205. Exemptions.**

14

15 (n) Crude oil and natural gas production resulting  
16 from any well that is drilled on or after July 1, 2020,  
17 after certification by the oil and gas conservation  
18 commission using the increase in rig count over a ninety  
19 (90) day lookback period, is exempt from the severance  
20 taxes imposed by W.S. 39-14-204(a)(iv) as provided in this  
21 subsection. Subject to subsection (o) of this section, the  
22 exemption under this subsection shall not apply to natural  
23 gas production when the twelve (12) month rolling average

1 of the Henry hub spot price for natural gas is two dollars  
2 and ninety-five cents (\$2.95) or more per thousand cubic  
3 feet at the time of production and shall not apply to the  
4 production of crude oil when the twelve (12) month rolling  
5 average of the West Texas Intermediate (WTI) spot price of  
6 sweet crude oil is sixty dollars (\$60.00) or more per  
7 barrel at the time of production. The exemption under this  
8 subsection shall be an exemption of the full two percent  
9 (2%) tax rate under W.S. 39-14-204(a)(iv) for the first six  
10 (6) months of production and shall reduce the rate under  
11 W.S. 39-14-204(a)(iv) to one percent (1%) for the next six  
12 (6) months of production.

13

14 (o) In determining the exemption under subsection (n)  
15 of this section and the tax under W.S. 39-14-204(b), the  
16 department shall use the twelve (12) month rolling average  
17 based on the monthly average of daily spot prices for West  
18 Texas Intermediate (WTI) per barrel of oil and the monthly  
19 average of daily spot prices for Henry hub per thousand  
20 cubic feet of natural gas for the immediately preceding  
21 twelve (12) month period. The department shall post the  
22 most recent monthly average and the twelve (12) month  
23 rolling average for the calculated prices on its website.

1 Not later than November 1 of each year, the department  
2 shall report to the joint revenue interim committee on the  
3 use of the exemptions under subsection (n) of this section,  
4 and associated revenue impacts.

5

6 (p) Subsections (n) through (p) of this section are  
7 repealed effective December 31, 2025.

8

9 **Section 2.** This act is effective July 1, 2020.

10

11

(END)