

SENATE FILE NO. SF0084

Mineral royalties-proportional severance tax relief.

Sponsored by: Select Federal Natural Resource Management
Committee

A BILL

for

1 AN ACT relating to severance taxes; creating severance tax
2 refunds for specified oil, gas and coal severance taxes
3 based on increased federal royalty rates; authorizing the
4 transfer of government royalty revenue as specified;
5 providing for distribution of the state's share of
6 specified federal mineral royalties; requiring rulemaking;
7 and providing for effective dates.

8

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

10

11 **Section 1.** W.S. 9-4-601 by creating a new subsection
12 (n), 39-14-109(c) by creating a new paragraph (iv),
13 39-14-209(c) by creating a new paragraph (iv) and 39-14-801
14 by creating a new subsection (j) are amended to read:

15

1 **9-4-601. Distribution and use; funds, accounts,**
2 **cities and towns benefited; exception for bonus payments.**

3
4 (n) Notwithstanding the distribution requirements
5 imposed under this section, beginning calendar year 2023
6 and each year thereafter, the state treasurer shall
7 transfer funds from the account created by subsection (a)
8 of this section to the severance tax distribution account
9 created by W.S. 39-14-801(a) in an amount equal to the
10 funds necessary to provide the severance tax refunds
11 authorized by W.S. 39-14-109(c)(iv) and 39-14-209(c)(iv).
12 The department of revenue shall certify to the state
13 treasurer the funds necessary to provide the severance tax
14 refunds before the state treasurer transfers any funds
15 under this subsection.

16
17 **39-14-109. Taxpayer remedies.**

18
19 (c) Refunds. The following shall apply:

20
21 (iv) Beginning with mineral production taking
22 place on and after January 1, 2023, the taxpayer is
23 entitled to receive a monetary refund on a per property

1 basis in an amount specified under this paragraph of a
2 proportion of severance taxes paid under W.S.
3 39-14-104(a)(ii) through (vi) on surface coal mined from
4 the federal mineral estate or paid under W.S.
5 39-14-104(b)(ii) and (iii) on underground coal mined from
6 the federal mineral estate in the prior production year.
7 The value of the refund shall be in an amount equal to the
8 increased royalty levied against taxpayers as a result of
9 any cumulative increase in the federal mineral royalty rate
10 percentage from the percentage in place as of July 1, 2021
11 imposed on surface coal and underground coal in accordance
12 with 30 U.S.C. 207 or as prescribed by rule under 43 C.F.R.
13 3473.3-2, multiplied by the gross percentage share of the
14 state under 30 U.S.C. 191(a) after deducting the mandatory
15 administrative costs imposed under 30 U.S.C. 191(b). That
16 amount shall then be multiplied by seventy-five percent
17 (75%) to approximate and account for the reduced assessed
18 mineral value resulting from the increase in the federal
19 mineral royalty rate percentage. The refund shall not
20 exceed the total annual severance tax liability for the
21 taxpayer under W.S. 39-14-104(a)(ii) through (vi) on
22 surface coal and under W.S. 39-14-104(b)(ii) and (iii) on
23 underground coal. The burden shall be on the taxpayer to

1 establish the amount of any refund due under this
2 paragraph. The taxpayer shall apply for the refund
3 authorized under this paragraph annually on or before July
4 1 of the year following the year of mineral production on a
5 form prescribed by the department. The department shall by
6 rule prescribe procedures and other applicable timelines
7 under which a taxpayer who is eligible to receive a refund
8 under this paragraph may apply for and receive the refund.

9
10 **39-14-209. Taxpayer remedies.**

11
12 (c) Refunds. The following shall apply:

13
14 (iv) Beginning with mineral production taking
15 place on and after January 1, 2023, the taxpayer is
16 entitled to receive a monetary refund on a per property
17 basis in an amount specified under this paragraph of a
18 proportion of severance taxes paid under W.S.
19 39-14-204(a)(ii) through (iv) on crude oil, lease
20 condensate or natural gas produced from the federal mineral
21 estate in the prior production year. The value of the
22 refund shall be in an amount equal to any increased royalty
23 levied against taxpayers as a result of any cumulative

1 increase in the federal mineral royalty rate percentage
2 from the percentage in place as of July 1, 2021 imposed on
3 crude oil, lease condensate or natural gas in accordance
4 with 30 U.S.C. 226 or as prescribed by rule under 43 C.F.R.
5 3103.3-1, multiplied by the gross percentage share of the
6 state under 30 U.S.C. 191(a) after deducting the mandatory
7 administrative costs imposed under 30 U.S.C. 191(b). That
8 amount shall then be multiplied by seventy-five percent
9 (75%) to approximate and account for the reduced assessed
10 mineral value resulting from the increase in the federal
11 mineral royalty rate percentage. The refund shall not
12 exceed the total annual severance tax liability for the
13 taxpayer under W.S. 39-14-204(a)(ii) through (iv). The
14 taxpayer shall apply for the refund authorized under this
15 paragraph annually on or before July 1 of the year
16 following the year of mineral production on a form
17 prescribed by the department. The burden shall be on the
18 taxpayer to establish the amount of any refund due under
19 this paragraph. The department shall by rule prescribe
20 procedures and other applicable timelines under which a
21 taxpayer who is eligible to receive a refund under this
22 paragraph may apply for and receive the refund.

23

1 **39-14-801. Severance tax distributions; distribution**
2 **account created; formula.**

3
4 (j) Notwithstanding the distribution requirements
5 imposed under subsections (b) through (e) of this section,
6 funds transferred into the severance tax distribution
7 account as provided by W.S. 9-4-601(n) shall be accounted
8 for separately and are continuously appropriated to the
9 department of revenue for the purpose of funding the
10 taxpayer refunds authorized by W.S. 39-14-109(c)(iv) and
11 39-14-209(c)(iv). Beginning September 1, 2023 and on
12 September 1 of each year thereafter, the department of
13 revenue shall annually report to the joint revenue interim
14 committee on the number of taxpayer refund applicants and
15 the number and amount of refunds provided under W.S.
16 39-14-109(c)(iv) and 39-14-209(c)(iv).

17
18 **Section 2.** The department of revenue shall promulgate
19 all rules necessary to implement the provisions of this
20 act.

21

1 **Section 3.**

2

3 (a) Except as provided in subsection (b) of this
4 section, this act is effective immediately upon completion
5 of all acts necessary for a bill to become law as provided
6 by Article 4, Section 8 of the Wyoming Constitution.

7

8 (b) Section 1 of this act is effective January 1,
9 2023.

10

11

(END)