

WORKING DRAFT

HOUSE BILL NO. _____

Sales tax on mineral well services.

Sponsored by: Representative(s) Childers

A BILL

for

1 AN ACT relating to taxation and revenue; providing for the
2 taxation of mineral well services as specified; and
3 providing for an effective date.

4

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

6

7 **Section 1.** W.S. 39-15-105(a)(viii) by creating a new
8 subparagraph (P) and 39-16-105(a)(viii) by creating a new
9 subparagraph (E) are amended to read:

10

11

***** STAFF COMMENTS *****

12

13 **Option 1: This section would create a new**
14 **sales/use tax exemption for manufacturing**
15 **equipment used in the mining industry.**

16

17 **39-15-105. Exemptions.**

18

19 (a) The following sales or leases are exempt from the
20 excise tax imposed by this article:

21

22 (viii) For the purpose of exempting sales of
23 services and tangible personal property as an economic
24 incentive, the following are exempt:

1
2 (B) Sales of the services of professional
3 engineers, geologists or members of similar professions
4 including the sales price paid for all services to real or
5 tangible personal property leading to building location,
6 drilling and all related activities that must be completed
7 prior to setting the production casing, including coring,
8 logging and testing done prior to the setting of production
9 casing for the drilling of any oil or gas well. The
10 exemption in this subparagraph shall also apply to any and
11 all seismographic and geophysical surveying, stratigraphic
12 testing, coring, logging and testing calculated to reveal
13 the existence of geologic conditions favorable to the
14 accumulation of oil or gas;

15
16 (P) The sale or lease of manufacturing
17 equipment to be used in this state directly and
18 predominantly in the production of minerals if the sale or
19 lease:

20
21 (I) Is to a person engaged in the
22 production of minerals classified by the department under
23 the NAICS code mining sector 21;

24
25 (II) Does not include noncapitalized
26 equipment except equipment expensed in accordance with
27 section 179 of the Internal Revenue Code; and

28
29 (III) Is completed in the case of a
30 sale, or executed in the case of a lease, on or after July
31 1, 2005.

32
33 **39-16-105. Exemptions.**

34
35 (a) The following purchases or leases are exempt from
36 the excise tax imposed by this article:

37
38 (viii) For the purpose of exempting sales of
39 services and tangible personal property as an economic
40 incentive, the following are exempt:

41
42 (E) The purchase or lease of manufacturing
43 equipment to be used in this state directly and
44 predominantly in the production of minerals if the sale or
45 lease:

46

1 (I) Is to a person engaged in the
 2 production of minerals classified by the department under
 3 the NAICS code mining sector 21;

4
 5 (II) Does not include noncapitalized
 6 equipment except equipment expensed in accordance with
 7 section 179 of the Internal Revenue Code; and

8
 9 (III) Is completed in the case of a
 10 sale, or executed in the case of a lease, on or after July
 11 1, 2005.

12
 13
 14 ***** STAFF COMMENTS *****

15
 16 **Option 2:** This section would repeal the
 17 definition of "well site" as meaning an area
 18 within a 250 foot radius of an oil or gas
 19 wellbore. W.S. 39-15-103(a)(i)(K) is included
 20 for information only. This provision imposes the
 21 sales tax on all services rendered within an oil
 22 or gas well site.

23
 24 **Section 2.** W.S. 39-15-101(a)(xviii) is repealed.

25
 26 **39-15-103. Imposition.**

27
 28 (a) Taxable event. The following shall apply:

29
 30 (i) Except as provided by W.S. 39-15-105, there
 31 is levied an excise tax upon:

32
 33 (K) The sales price paid for all services
 34 rendered to real or tangible personal property within an
 35 oil or gas well site beginning with and including the
 36 setting and cementing of production casing, or if
 37 production casing is not set as in the case of an open hole
 38 completion, after the completion of the underreaming or the
 39 attainment of total depth of the oil or gas well and
 40 continuing with all activities sequentially required for
 41 the production of any oil or gas well regardless of the
 42 chronological occurrence of the activity. All services
 43 required during the entire productive life of the well,
 44 including recompletion, all the way through abandonment
 45 shall be subject to this subparagraph;

46
 47 **Section 3.** This act is effective July 1, 2005.

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2

(END)