

HOUSE BILL NO. HB0189

Mine product taxes for natural gas consumed on-site.

Sponsored by: Representative(s) Hunt, Burkhardt and Paxton
and Senator(s) Driskill and Wasserburger

A BILL

for

1 AN ACT relating to mine product taxes; clarifying the
2 imposition of severance taxes on natural gas that is
3 consumed on-site; making conforming amendments; requiring
4 rulemaking; and providing for effective dates.

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

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8 **Section 1.** W.S. 39-14-201(a)(xv), 39-14-203(b)(v) and
9 39-14-205(j) are amended to read:

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11 **39-14-201. Definitions.**

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13 (a) As used in this article:

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1 (xv) "Natural gas" means all gases, both
2 hydrocarbon and nonhydrocarbon, that occur naturally
3 beneath the earth's crust and are produced from an oil or
4 gas well. For the purposes of taxation, the term natural
5 gas includes:

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7 (A) Products separated for sale or
8 distribution during processing of the natural gas stream
9 including, but not limited to plant condensate, natural gas
10 liquids and sulfur;

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12 (B) Natural gas that is consumed on the
13 site where the natural gas is produced for any purpose
14 except for those specified in W.S. 39-14-205(j) and (m).

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16 **39-14-203. Imposition.**

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18 (b) Basis of tax. The following shall apply:

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20 (v) If the crude oil, lease condensate or
21 natural gas production as provided by paragraphs (iii) and
22 (iv) of this subsection are sold to a third party, or
23 processed or transported by a third party at or prior to

1 the point of valuation provided in paragraphs (iii) and
2 (iv) of this subsection, the fair market value shall be the
3 value established by bona fide arms-length transaction. The
4 provisions of this paragraph shall not apply to calculating
5 the fair market value of natural gas meeting the definition
6 in W.S. 39-14-201(a)(xv)(B);

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8 **39-14-205. Exemptions.**

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10 (j) Natural gas which is vented or flared under the
11 authority of the Wyoming oil and gas conservation
12 commission and natural gas which is reinjected or consumed
13 prior to sale for the purpose of maintaining, stimulating,
14 treating, transporting or producing crude oil or natural
15 gas on the same lease or unit from which it was produced
16 has no value and is exempt from taxation. This exemption
17 shall not apply to natural gas that is consumed prior to
18 sale for any purpose not specified in this subsection or in
19 subsection (m) of this section.

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21 **Section 2.** The department of revenue shall adopt
22 rules under W.S. 39-11-102 as necessary to implement the

1 changes to mine product taxes in section 1 of this act for
2 tax years beginning in 2022.

3

4 **Section 3.**

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

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11 (b) Section 1 of this act is effective January 1,
12 2022.

13

14 (END)