

HOUSE BILL NO. 420

INTRODUCED BY M. DUNWELL

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE RATE OF TAX FOR CERTAIN OIL AND NATURAL
5 GAS PRODUCTION AND USING THE PROCEEDS FOR INCREASED DISTRIBUTIONS OF REVENUE;
6 PROVIDING AN ADDITIONAL ALLOCATION OF REVENUE TO CITIES AND TOWNS; EXPANDING
7 STATUTORY APPROPRIATION AUTHORITY FOR THE PURPOSE OF DISTRIBUTIONS TO INCORPORATED
8 CITIES AND TOWNS; AMENDING SECTIONS 15-36-304, 15-36-331, AND 15-36-332, MCA; AND PROVIDING
9 AN EFFECTIVE DATE AND AN APPLICABILITY DATE."
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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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13 **Section 1.** Section 15-36-304, MCA, is amended to read:

14 **"15-36-304. Production tax rates imposed on oil and natural gas -- exemption.** (1) The production
15 of oil and natural gas is taxed as provided in this section. The tax is distributed as provided in 15-36-331 and
16 15-36-332.

17 (2) Natural gas is taxed on the gross taxable value of production based on the type of well and type of
18 production according to the following schedule for working interest and nonworking interest owners:

	Working Interest	Nonworking Interest
19 (a) (i) first 12 months of qualifying production	0.5% <u>4.5%</u>	14.8%
20 (ii) after 12 months:		
21 (A) pre-1999 wells	14.8%	14.8%
22 (B) post-1999 wells	9%	14.8%
23 (b) stripper natural gas pre-1999 wells	11%	14.8%
24 (c) horizontally completed well production:		
25 (i) first 18 months of qualifying production	0.5% <u>4.5%</u>	14.8%
26 (ii) after 18 months	9%	14.8%

27 (3) The reduced tax rates under subsection (2)(a)(i) on production for the first 12 months of natural gas
28 production from a well begins following the last day of the calendar month immediately preceding the month in
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1 which natural gas is placed in a natural gas distribution system, provided that notification has been given to the
 2 department.

3 (4) The reduced tax rate under subsection (2)(c)(i) on production from a horizontally completed well for
 4 the first 18 months of production begins following the last day of the calendar month immediately preceding the
 5 month in which natural gas is placed in a natural gas distribution system, provided that notification has been given
 6 to the department.

7 (5) Oil is taxed on the gross taxable value of production based on the type of well and type of production
 8 according to the following schedule for working interest and nonworking interest owners:

	Working Interest	Nonworking Interest
9 (a) primary recovery production:		
10 (i) first 12 months of qualifying production	0.5% <u>4.5%</u>	14.8%
11 (ii) after 12 months:		
12 (A) pre-1999 wells	12.5%	14.8%
13 (B) post-1999 wells	9%	14.8%
14 (b) stripper oil production:		
15 (i) first 1 through 10 barrels a day production	5.5%	14.8%
16 (ii) more than 10 barrels a day production	9.0%	14.8%
17 (c) (i) stripper well exemption production	0.5%	14.8%
18 (ii) stripper well bonus production	6.0%	14.8%
19 (d) horizontally completed well production:		
20 (i) first 18 months of qualifying production	0.5% <u>4.5%</u>	14.8%
21 (ii) after 18 months:		
22 (A) pre-1999 wells	12.5%	14.8%
23 (B) post-1999 wells	9%	14.8%
24 (e) incremental production:		
25 (i) new or expanded secondary recovery production	8.5%	14.8%
26 (ii) new or expanded tertiary production	5.8%	14.8%
27 (f) horizontally recompleted well:		
28 (i) first 18 months	5.5%	14.8%

1 (ii) after 18 months:

2	(A) pre-1999 wells	12.5%	14.8%
3	(B) post-1999 wells	9%	14.8%

4 (6) (a) The reduced tax rates under subsection (5)(a)(i) for the first 12 months of oil production from a
 5 well begins following the last day of the calendar month immediately preceding the month in which oil is pumped
 6 or flows, provided that notification has been given to the department.

7 (b) (i) The reduced tax rates under subsection (5)(d)(i) on oil production from a horizontally completed
 8 well for the first 18 months of production begins following the last day of the calendar month immediately
 9 preceding the month in which oil is pumped or flows if the well has been certified as a horizontally completed well
 10 to the department by the board.

11 (ii) The reduced tax rate under subsection (5)(f)(i) on oil production from a horizontally recompleted well
 12 for the first 18 months of production begins following the last day of the calendar month immediately preceding
 13 the month in which oil is pumped or flows if the well has been certified as a horizontally recompleted well to the
 14 department by the board.

15 (c) Incremental production is taxed as provided in subsection (5)(e) only if the average price for each
 16 barrel of oil as reported in the Wall Street Journal for west Texas intermediate crude oil during a calendar quarter
 17 is less than \$30 a barrel. If the price of oil is equal to or greater than \$30 a barrel in a calendar quarter as
 18 determined in subsection (6)(e), then incremental production from pre-1999 wells and from post-1999 wells is
 19 taxed at the rate imposed on primary recovery production under subsections (5)(a)(ii)(A) and (5)(a)(ii)(B),
 20 respectively, for production occurring in that quarter, other than exempt stripper well production.

21 (d) (i) Stripper well exemption production is taxed as provided in subsection (5)(c)(i) only if the average
 22 price for a barrel of oil as reported in the Wall Street Journal for west Texas intermediate crude oil during a
 23 calendar quarter is less than \$38 a barrel. If the price of oil is equal to or greater than \$38 a barrel, there is no
 24 stripper well exemption tax rate and oil produced from a well that produces 3 barrels a day or less is taxed as
 25 stripper well bonus production.

26 (ii) Stripper well bonus production is subject to taxation as provided in subsection (5)(c)(ii) only if the
 27 average price for a barrel of oil as reported in the Wall Street Journal for west Texas intermediate crude oil during
 28 a calendar quarter is equal to or greater than \$38 a barrel.

29 (e) For the purposes of subsections (6)(c) and (6)(d), the average price for each barrel must be
 30 computed by dividing the sum of the daily price for west Texas intermediate crude oil as reported in the Wall

1 Street Journal for the calendar quarter by the number of days on which the price was reported in the quarter.

2 (7) (a) The tax rates imposed under subsections (2) and (5) on working interest owners and nonworking
3 interest owners must be adjusted to include the total of the privilege and license tax adopted by the board of oil
4 and gas conservation pursuant to 82-11-131 and the derived rate for the oil and gas natural resource distribution
5 account as determined under subsection (7)(b).

6 (b) The total of the privilege and license tax and the tax for the oil and gas natural resource distribution
7 account established in 90-6-1001(1) may not exceed 0.3%. The base rate for the tax for oil and gas natural
8 resource distribution account funding is 0.08%, but when the rate adopted pursuant to 82-11-131 by the board
9 of oil and gas conservation for the privilege and license tax:

10 (i) exceeds 0.22%, the rate for the tax to fund the oil and gas natural resource distribution account is
11 equal to the difference between the rate adopted by the board of oil and gas conservation and 0.3%; or

12 (ii) is less than 0.18%, the rate for the tax to fund the oil and gas natural resource distribution account
13 is equal to the difference between the rate adopted by the board of oil and gas conservation and 0.26%.

14 (c) The board of oil and gas conservation shall give the department at least 90 days' notice of any
15 change in the rate adopted by the board. Any rate change of the tax to fund the oil and gas natural resource
16 distribution account is effective at the same time that the board of oil and gas conservation rate is effective.

17 (8) Any interest in production owned by the state or a local government is exempt from taxation under
18 this section."

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20 **Section 2.** Section 15-36-331, MCA, is amended to read:

21 "**15-36-331. Distribution of taxes.** (1) (a) For each calendar quarter, the department shall determine
22 the amount of tax, late payment interest, and penalties collected under this part.

23 (b) For the purposes of distribution of oil and natural gas production taxes to county and school district
24 taxing units and incorporated cities and towns within an oil and gas producing county under 15-36-332 and to the
25 state, the department shall determine the amount of oil and natural gas production taxes paid on production in
26 the taxing unit.

27 (2) (a) The amount of oil and natural gas production taxes collected for the privilege and license tax
28 pursuant to 82-11-131 must be deposited, in accordance with the provisions of 17-2-124, in the state special
29 revenue fund for the purpose of paying expenses of the board, as provided in 82-11-135.

30 (b) The amount of the tax allocated in 15-36-304(7)(b) for the oil and gas natural resource distribution

1 account established in 90-6-1001(1) must be deposited in the account.

2 (3) (a) For each tax year, the amount of oil and natural gas production taxes determined under
3 subsection (1)(b) is allocated to each county according to the following schedule:

4	Big Horn	45.05%
5	Blaine	58.39%
6	Carbon	48.27%
7	Chouteau	58.14%
8	Custer	69.53%
9	Daniels	50.81%
10	Dawson	47.79%
11	Fallon	41.78%
12	Fergus	69.18%
13	Garfield	45.96%
14	Glacier	58.83%
15	Golden Valley	58.37%
16	Hill	64.51%
17	Liberty	57.94%
18	McCone	49.92%
19	Musselshell	48.64%
20	Petroleum	48.04%
21	Phillips	54.02%
22	Pondera	54.26%
23	Powder River	60.9%
24	Prairie	40.38%
25	Richland	47.47%
26	Roosevelt	45.71%
27	Rosebud	39.33%
28	Sheridan	47.99%
29	Stillwater	53.51%
30	Sweet Grass	61.24%

1	Teton	46.1%
2	Toole	57.61%
3	Valley	51.43%
4	Wibaux	49.16%
5	Yellowstone	46.74%
6	All other counties	50.15%

7 (b) The oil and natural gas production taxes allocated to each county must be deposited in the state
8 special revenue fund and transferred to each county for distribution, as provided in 15-36-332.

9 (4) The department shall, in accordance with the provisions of 17-2-124, distribute the state portion of
10 oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3) as
11 follows:

12 ~~_____ (a) for each fiscal year through the fiscal year ending June 30, 2011, to be distributed as follows:~~

13 ~~_____ (i) 1.23% to the coal bed methane protection account established in 76-15-904;~~

14 ~~_____ (ii) 1.45% to the natural resources projects state special revenue account established in 15-38-302;~~

15 ~~_____ (iii) 1.45% to the natural resources operations state special revenue account established in 15-38-301;~~

16 ~~_____ (iv) 2.99% to the orphan share account established in 75-10-743;~~

17 ~~_____ (v) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the
18 purposes of the state tax levy as provided in 15-10-108; and~~

19 ~~_____ (vi) all remaining proceeds to the state general fund;~~

20 ~~_____ (b) for fiscal years beginning after June 30, 2011, to be distributed as follows:~~

21 ~~(i)(a) 2.16% to the natural resources projects state special revenue account established in 15-38-302;~~

22 ~~(ii)(b) 2.02% to the natural resources operations state special revenue account established in 15-38-301;~~

23 ~~(iii)(c) 2.95% to the orphan share account established in 75-10-743;~~

24 ~~(iv)(d) 2.65% to the state special revenue fund to be appropriated to the Montana university system for
25 the purposes of the state tax levy as provided in 15-10-108; and~~

26 ~~(e) 10% to oil and gas producing counties based on county oil and gas production within the counties for
27 distribution to incorporated cities and towns as provided in 15-36-332(7); and~~

28 ~~(v)(f) all remaining proceeds to the state general fund."~~

29

30 **Section 3.** Section 15-36-332, MCA, is amended to read:

1 **"15-36-332. (Temporary) Distribution of taxes to taxing units -- appropriation.** (1) (a) Subject to
 2 20-9-310, by the dates referred to in subsection (6) of this section, the department shall distribute oil and natural
 3 gas production taxes allocated under 15-36-331(3) to each eligible county.

4 (b) By the dates referred to in subsection (6), the department shall distribute the amount deposited in
 5 the oil and gas natural resource distribution account under 15-36-331(2)(b) and the oil and natural gas production
 6 taxes allocated for distribution to incorporated cities and towns under 15-36-331(4)(e) as provided in subsection
 7 (7) of this section.

8 (2) (a) Each county treasurer shall distribute the amount of oil and natural gas production taxes
 9 designated under subsection (1)(a), including the amounts referred to in subsection (2)(b), to the countywide
 10 elementary and high school retirement funds, countywide transportation funds, and eligible school districts
 11 according to the following schedule:

	Elementary	High School	Countywide	School
	Retirement	Retirement	Transportation	Districts
14 Big Horn	14.81%	10.36%	2.99%	26.99%
15 Blaine	5.86%	2.31%	2.71%	24.73%
16 Carbon	3.6%	6.62%	1.31%	49.18%
17 Chouteau	8.1%	4.32%	3.11%	23.79%
18 Custer	6.9%	3.4%	1.19%	31.25%
19 Daniels	0	7.77%	3.92%	48.48%
20 Dawson	5.53%	2.5%	1.11%	35.6%
21 Fallon	0	7.63%	1.24%	42.58%
22 Fergus	7.88%	4.84%	2.08%	53.25%
23 Garfield	4.04%	3.13%	5.29%	26.19%
24 Glacier	11.2%	4.87%	3.01%	46.11%
25 Golden Valley	0	11.52%	2.77%	54.65%
26 Hill	6.7%	4.07%	1.59%	49.87%
27 Liberty	4.9%	4.56%	1.15%	35.22%
28 McCone	4.18%	3.19%	2.58%	43.21%
29 Musselshell	5.98%	4.07%	3.53%	32.17%
30 Petroleum	0	11.92%	4.59%	55.48%

1	Phillips	0.43%	6.6%	1.08%	41.29%
2	Pondera	6.96%	5.06%	1.94%	45.17%
3	Powder River	3.96%	2.97%	4.57%	22.25%
4	Prairie	0	8.88%	1.63%	36.9%
5	Richland	4.1%	3.92%	2.26%	43.77%
6	Roosevelt	9.93%	7.37%	2.74%	40.94%
7	Rosebud	3.87%	2.24%	1.05%	72.97%
8	Sheridan	0	3.39%	2.22%	47.63%
9	Stillwater	6.87%	4.86%	1.63%	41.16%
10	Sweet Grass	6.12%	6.5%	2.4%	37.22%
11	Teton	6.88%	8.19%	3.8%	29.43%
12	Toole	2.78%	4.78%	1.3%	43.56%
13	Valley	2.26%	12.61%	4.63%	41.11%
14	Wibaux	0	4.1%	0.77%	31.46%
15	Yellowstone	7.98%	4.56%	1.07%	52.77%
16	All other counties	3.81%	7.84%	1.81%	41.04%

17 (b) (i) The county treasurer shall distribute 9.8% of the Custer County share to the countywide community
18 college district in Custer County.

19 (ii) The county treasurer shall distribute 14.5% of the Dawson County share to the countywide community
20 college district in Dawson County.

21 (3) The remaining oil and natural gas production taxes for each county must be used for the exclusive
22 use and benefit of the county, including districts within the county established by the county.

23 (4) (a) The county treasurer shall distribute oil and natural gas production taxes to school districts in each
24 county referred to in subsection (2) as provided in subsections (4)(b) through (4)(d) and subject to the provisions
25 of 20-9-310.

26 (b) The amount distributed to each K-12 district within the county is equal to oil and natural gas
27 production taxes in the county multiplied by the ratio that oil and natural gas production taxes attributable to oil
28 and natural gas production in the K-12 school district bear to total oil and natural gas production taxes attributable
29 to total oil and natural gas production in the county and multiply that amount by the school district percentage
30 figure for the county referred to in subsection (2)(a).

1 (c) For the amount to be distributed to each elementary school district and to each high school district
2 under subsection (4)(d), the department shall first determine the amount of oil and natural gas production taxes
3 in the high school district that is attributable to oil and natural gas production in each elementary school district
4 that is located in whole or in part within the exterior boundaries of a high school district and multiply that amount
5 by the school district percentage figure for the county referred to in subsection (2)(a).

6 (d) (i) The amount distributed to each elementary school district that is located in whole or in part within
7 the exterior boundaries of a high school district is equal to the amount determined in subsection (4)(c) multiplied
8 by the ratio that the total mills of the elementary school district bear to the sum of the total mills of the elementary
9 school district and the total mills of the high school district.

10 (ii) The amount distributed to the high school district is equal to the amount determined in subsection
11 (4)(c) multiplied by the ratio that the total mills of the high school district bear to the sum of the total mills of each
12 elementary school district referred to in subsection (4)(c) and the total mills of the high school district.

13 (5) Oil and natural gas production taxes calculated for each school district under subsections (4)(b)
14 through (4)(d) must be distributed to each school district as provided in 20-9-310.

15 (6) Subject to 20-9-310, the department shall remit the amounts to be distributed in this section to the
16 county treasurer by the following dates:

17 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and natural
18 gas production tax payments received for the calendar quarter ending March 31 of the current year.

19 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil and
20 natural gas production tax payments received for the calendar quarter ending June 30 of the current year.

21 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and
22 natural gas production tax payments received for the calendar quarter ending September 30 of the previous year.

23 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and natural
24 gas production tax payments received for the calendar quarter ending December 31 of the previous year.

25 (7) The department shall distribute the funds received under 15-36-331(2)(b) and (4)(e) to counties
26 based on county oil and gas production. Of the distribution to a county under 15-36-331(2)(b), one-third must be
27 distributed to the county government and two-thirds must be distributed to incorporated cities and towns within
28 the county. Of the distribution to an oil and gas producing county under 15-36-331(4)(e), the entire amount must
29 be distributed to incorporated cities and towns within the county. If there is more than one incorporated city or
30 town within the county, the city and town allocation must be distributed to the cities and towns based on their

1 relative populations.

2 (8) The distributions to taxing units and to counties and incorporated cities and towns under this section
 3 are statutorily appropriated, as provided in 17-7-502, from the state special revenue fund. (Terminates June 30,
 4 2020--sec. 38, Ch. 400, L. 2013.)

5 **15-36-332. (Effective July 1, 2020) Distribution of taxes to taxing units -- appropriation.** (1) (a) By
 6 the dates referred to in subsection (6), the department shall distribute oil and natural gas production taxes
 7 allocated under 15-36-331(3) to each eligible county.

8 (b) By the dates referred to in subsection (6), the department shall distribute the amount deposited in
 9 the oil and gas natural resource distribution account under 15-36-331(2)(b) and the oil and natural gas production
 10 taxes allocated for distribution to incorporated cities and towns under 15-36-331(4)(e) as provided in subsection
 11 (7) of this section.

12 (2) (a) Each county treasurer shall distribute the amount of oil and natural gas production taxes
 13 designated under subsection (1)(a), including the amounts referred to in subsection (2)(b), to the countywide
 14 elementary and high school retirement funds, countywide transportation funds, and eligible school districts
 15 according to the following schedule:

	Elementary	High School	Countywide	School
	Retirement	Retirement	Transportation	Districts
18 Big Horn	14.81%	10.36%	2.99%	26.99%
19 Blaine	5.86%	2.31%	2.71%	24.73%
20 Carbon	3.6%	6.62%	1.31%	49.18%
21 Chouteau	8.1%	4.32%	3.11%	23.79%
22 Custer	6.9%	3.4%	1.19%	31.25%
23 Daniels	0	7.77%	3.92%	48.48%
24 Dawson	5.53%	2.5%	1.11%	35.6%
25 Fallon	0	7.63%	1.24%	42.58%
26 Fergus	7.88%	4.84%	2.08%	53.25%
27 Garfield	4.04%	3.13%	5.29%	26.19%
28 Glacier	11.2%	4.87%	3.01%	46.11%
29 Golden Valley	0	11.52%	2.77%	54.65%
30 Hill	6.7%	4.07%	1.59%	49.87%

1	Liberty	4.9%	4.56%	1.15%	35.22%
2	McCone	4.18%	3.19%	2.58%	43.21%
3	Musselshell	5.98%	4.07%	3.53%	32.17%
4	Petroleum	0	11.92%	4.59%	55.48%
5	Phillips	0.43%	6.6%	1.08%	41.29%
6	Pondera	6.96%	5.06%	1.94%	45.17%
7	Powder River	3.96%	2.97%	4.57%	22.25%
8	Prairie	0	8.88%	1.63%	36.9%
9	Richland	4.1%	3.92%	2.26%	43.77%
10	Roosevelt	9.93%	7.37%	2.74%	40.94%
11	Rosebud	3.87%	2.24%	1.05%	72.97%
12	Sheridan	0	3.39%	2.22%	47.63%
13	Stillwater	6.87%	4.86%	1.63%	41.16%
14	Sweet Grass	6.12%	6.5%	2.4%	37.22%
15	Teton	6.88%	8.19%	3.8%	29.43%
16	Toole	2.78%	4.78%	1.3%	43.56%
17	Valley	2.26%	12.61%	4.63%	41.11%
18	Wibaux	0	4.1%	0.77%	31.46%
19	Yellowstone	7.98%	4.56%	1.07%	52.77%
20	All other counties	3.81%	7.84%	1.81%	41.04%

21 (b) (i) The county treasurer shall distribute 9.8% of the Custer County share to the countywide community
 22 college district in Custer County.

23 (ii) The county treasurer shall distribute 14.5% of the Dawson County share to the countywide community
 24 college district in Dawson County.

25 (3) The remaining oil and natural gas production taxes for each county must be used for the exclusive
 26 use and benefit of the county, including districts within the county established by the county.

27 (4) (a) The county treasurer shall distribute oil and natural gas production taxes to school districts in each
 28 county referred to in subsection (2) as provided in subsections (4)(b) through (4)(d).

29 (b) The amount distributed to each K-12 district within the county is equal to oil and natural gas
 30 production taxes in the county multiplied by the ratio that oil and natural gas production taxes attributable to oil

1 and natural gas production in the K-12 school district bear to total oil and natural gas production taxes attributable
2 to total oil and natural gas production in the county and multiply that amount by the school district percentage
3 figure for the county referred to in subsection (2)(a).

4 (c) For the amount to be distributed to each elementary school district and to each high school district
5 under subsection (4)(d), the department shall first determine the amount of oil and natural gas taxes in the high
6 school district that is attributable to oil and natural gas production in each elementary school district that is located
7 in whole or in part within the exterior boundaries of a high school district and multiply that amount by the school
8 district percentage figure for the county referred to in subsection (2)(a).

9 (d) (i) The amount distributed to each elementary school district that is located in whole or in part within
10 the exterior boundaries of a high school district is equal to the amount determined in subsection (4)(c) multiplied
11 by the ratio that the total mills of the elementary school district bear to the sum of the total mills of the elementary
12 school district and the total mills of the high school district.

13 (ii) The amount distributed to the high school district is equal to the amount determined in subsection
14 (4)(c) multiplied by the ratio that the total mills of the high school district bear to the sum of the total mills of each
15 elementary school district referred to in subsection (4)(c) and the total mills of the high school district.

16 (5) (a) Oil and natural gas production taxes calculated for each school district under subsections (4)(b)
17 through (4)(d) must be distributed to each school district in the relative proportion of the mill levy for each fund.

18 (b) If a distribution under subsection (5)(a) exceeds the total budget for a school district fund, the board
19 of trustees of an elementary or high school district may reallocate the excess to any budgeted fund of the school
20 district.

21 (6) The department shall remit the amounts to be distributed in this section to the county treasurer by
22 the following dates:

23 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and natural
24 gas production tax payments received for the calendar quarter ending March 31 of the current year.

25 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil and
26 natural gas production tax payments received for the calendar quarter ending June 30 of the current year.

27 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and
28 natural gas production tax payments received for the calendar quarter ending September 30 of the previous year.

29 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and natural
30 gas production tax payments received for the calendar quarter ending December 31 of the previous year.

1 (7) The department shall distribute the funds received under 15-36-331(2)(b) and (4)(e) to counties
2 based on county oil and gas production. Of the distribution to a county under 15-36-331(2)(b), one-third must be
3 distributed to the county government and two-thirds must be distributed to incorporated cities and towns within
4 the county. Of the distribution to an oil and gas producing county under 15-36-331(4)(e), the entire amount must
5 be distributed to incorporated cities and towns within the county. If there is more than one incorporated city or
6 town within the county, the city and town allocation must be distributed to the cities and towns based on their
7 relative populations.

8 (8) The distributions to taxing units and to counties and incorporated cities and towns under this section
9 are statutorily appropriated, as provided in 17-7-502, from the state special revenue fund."

10

11 NEW SECTION. Section 4. Effective date. [This act] is effective October 1, 2015.

12

13 NEW SECTION. Section 5. Applicability. [This act] applies to oil and natural gas produced after
14 December 31, 2015.

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- END -