

**LOCAL OPTION OIL AND GAS SEVERANCE**

**TAX AND RELATED AMENDMENTS**

2001 GENERAL SESSION

STATE OF UTAH

**Sponsor: Beverly Ann Evans**

**This act modifies the Oil and Gas Severance Tax to allow a county legislative body to impose a local option oil and gas severance tax beginning on January 1, 2002. This act provides for the tax rate, computation, administration, and distribution of the local option severance tax, and makes technical changes. The act authorizes a nonrefundable credit against the state oil and gas severance tax in the amount of the local option oil and gas severance tax a taxpayer pays.**

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**59-5-102**, as last amended by Chapter 414, Laws of Utah 1998

**59-5-103**, as last amended by Chapter 247, Laws of Utah 1990

**59-5-105**, as last amended by Chapter 4, Laws of Utah 1988

**59-5-106**, as last amended by Chapter 1, Laws of Utah 1993, Second Special Session

**59-5-107**, as last amended by Chapter 228, Laws of Utah 1995

**59-5-108**, as last amended by Chapter 4, Laws of Utah 1988

**59-5-109**, as repealed and reenacted by Chapter 4, Laws of Utah 1988

**59-5-110**, as repealed and reenacted by Chapter 4, Laws of Utah 1988

**59-5-112**, as repealed and reenacted by Chapter 4, Laws of Utah 1988

**59-5-114**, as last amended by Chapter 299, Laws of Utah 1998

**59-5-116**, as last amended by Chapter 414, Laws of Utah 1998

**59-5-119**, as enacted by Chapter 135, Laws of Utah 1996

ENACTS:

**59-5-102.1**, Utah Code Annotated 1953



28 *Be it enacted by the Legislature of the state of Utah:*

29 Section 1. Section **59-5-102** is amended to read:

30 **59-5-102. State severance tax -- Rate -- Computation -- Annual exemption -- Study**  
 31 **by Tax Review Commission.**

32 (1) (a) Each person owning an interest, working interest, royalty interest, payments out of  
 33 production, or any other interest, in oil or gas produced from a well in the state, or in the proceeds  
 34 of the production, shall pay to the state a state severance tax [~~equal to 4%~~] on the basis of the  
 35 value, at the well, of the oil or gas produced, saved, and sold or transported from the field where  
 36 the substance was produced as provided in this section.

37 (b) Beginning January 1, 1992, the state severance tax rate for oil is as follows:

38 (i) 3% of the value up to and including the first \$13 per barrel for oil; and

39 (ii) 5% of the value from \$13.01 and above per barrel for oil.

40 (c) Beginning January 1, 1992, the state severance tax rate for natural gas is as follows:

41 (i) 3% of the value up to and including the first \$1.50 per MCF for gas; and

42 (ii) 5% of the value from \$1.51 and above per MCF for gas.

43 (d) Beginning January 1, 1992, the state severance tax rate for natural gas liquids is 4%  
 44 of the taxable value for natural gas liquids.

45 (e) If the oil or gas is shipped outside the state, this constitutes a sale, and the oil or gas  
 46 is subject to the severance tax.

47 (f) (i) [~~H~~] Except as provided in Subsection (1)(f)(ii), if the oil or gas is stockpiled, the tax  
 48 is not applicable until it is sold, transported, or delivered. [~~However,~~]

49 (ii) Notwithstanding Subsection (1)(f)(i), oil or gas that is stockpiled for more than two  
 50 years is subject to the state severance tax.

51 (2) [~~No~~] A tax is not imposed [~~upon~~] on:

52 (a) the first \$50,000 annually in gross value of each well or wells as defined in this part,  
 53 to be prorated among the owners in proportion to [~~their~~] the owners' respective interests in:

54 (i) the production; or [~~in~~]

55 (ii) the proceeds of the production;

56 (b) stripper wells, unless the exemption prevents the severance tax from being treated as  
 57 a deduction for federal tax purposes;

58 (c) the first six months of production for wells started after January 1, 1984, but before

59 January 1, 1990;

60 (d) the first 12 months of production for wildcat wells started after January 1, 1990; or

61 (e) the first six months of production for development wells started after January 1, 1990.

62 (3) (a) (i) Through December 31, 2004, a working interest owner who pays for all or part  
63 of the expenses of a recompletion or workover is entitled to a tax credit equal to 20% of the  
64 amount paid.

65 ~~[(b)]~~ (ii) The tax credit for each recompletion or workover may not exceed \$30,000 per  
66 well during each calendar year. The tax credit shall apply to the taxable year in which the  
67 recompletion or workover is completed and shall be claimed quarterly beginning on the third  
68 quarter after recompletion or workover is completed under rules made by the commission.

69 (b) (i) A person who pays a tax under Section 59-5-102.1 may claim a nonrefundable  
70 credit against the tax imposed by this section in an amount equal to the amount of tax the person  
71 pays under Section 59-5-102.1.

72 (ii) A person may not carry forward or carry back a credit claimed under Subsection  
73 (3)(b)(i).

74 (iii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
75 commission may make rules to provide procedures for administering the credit provided for in this  
76 Subsection (3)(b).

77 (iv) The commission may prescribe tax forms for administering the credit provided for in  
78 this Subsection (3)(b).

79 (4) A 50% reduction in the tax rate is imposed upon the incremental production achieved  
80 from an enhanced recovery project.

81 (5) These taxes are in addition to all other taxes provided by law and are delinquent, unless  
82 otherwise deferred, on June 1 next succeeding the calendar year when the oil or gas is produced,  
83 saved, and sold or transported from the premises.

84 (6) With respect to the tax imposed by this ~~chapter~~ part on each owner of oil or gas or  
85 in the proceeds of the production of those substances produced in the state, each owner is liable  
86 for the tax in proportion to the owner's interest in the production or in the proceeds of the  
87 production.

88 (7) The tax shall be reported and paid by each producer who takes oil or gas in kind  
89 pursuant to agreement on behalf of the producer and on behalf of each owner entitled to participate

90 in the oil or gas sold by the producer or transported by the producer from the field where the oil  
91 or gas is produced.

92 (8) Each producer shall deduct the tax from the amounts due to other owners for the  
93 production or the proceeds of the production.

94 (9) (a) The Tax Review Commission shall review the tax provided for in this part on or  
95 before the October 2002 interim meeting.

96 (b) The Tax Review Commission shall address in its review the following statutory  
97 provisions:

98 (i) the severance tax rate structure provided for in this section;

99 (ii) the exemptions provided for in Subsection (2);

100 (iii) the credit provided for in Subsection (3)(a), including:

101 (A) the cost of the credit;

102 (B) the purpose and effectiveness of the credit; and

103 (C) whether the credit benefits the state;

104 (iv) the tax rate reduction provided for in Subsection (4);

105 (v) other statutory provisions or issues as determined by the Tax Review Commission; and

106 (vi) whether the statutory provisions the Tax Review Commission reviews under this

107 Subsection (9) should be:

108 (A) continued;

109 (B) modified; or

110 (C) repealed.

111 (c) The Tax Review Commission shall report its findings and recommendations regarding  
112 the tax provided for in this part to the Revenue and Taxation Interim Committee on or before the  
113 November 2002 interim meeting.

114 Section 2. Section **59-5-102.1** is enacted to read:

115 **59-5-102.1. Local option oil and gas severance tax -- Rate -- Computation --**

116 **Administration -- Distribution of tax.**

117 (1) Beginning on January 1, 2002, a county legislative body may by ordinance impose a  
118 local option severance tax as provided in this section:

119 (a) on each person owning one or more of the following in oil or gas produced from a well  
120 in the state:

- 121 (i) an interest;  
122 (ii) a working interest;  
123 (iii) a royalty interest;  
124 (iv) a payment out of production; or  
125 (v) an interest in the proceeds of the production of oil or gas; and  
126 (b) on the basis of the value of the oil or gas:  
127 (i) at the well; and  
128 (ii) (A) produced, saved, and sold from the field where the oil or gas was produced; or  
129 (B) transported from the field where the oil or gas was produced.  
130 (2) (a) Except as provided in Subsection (2)(c), the rate of the tax authorized by this  
131 section is a percentage of state severance tax liability determined by the commission by:  
132 (i) calculating an amount equal to the county oil and gas gross production amount divided  
133 by the state oil and gas gross production amount as provided in Subsection (2)(b); and  
134 (ii) converting the amount calculated under Subsection (2)(a)(i) into a percentage.  
135 (b) For purposes of Subsection (2)(a):  
136 (i) the state oil and gas gross production amount is the oil and gas gross production amount  
137 for the state for the current taxable year; and  
138 (ii) the county oil and gas gross production amount is the oil and gas gross production  
139 amount for all of the counties:  
140 (A) imposing the tax authorized by this section; and  
141 (B) for the current taxable year.  
142 (c) (i) Notwithstanding Subsection (2)(a), the total amount of the tax authorized by this  
143 section:  
144 (A) beginning on January 1, 2002, through December 31, 2002, may not exceed 15% of  
145 the adjusted state severance tax as provided in Subsection (2)(c)(ii) for the taxable year beginning  
146 on or after January 1, 2002, but beginning on or before December 31, 2002;  
147 (B) beginning on January 1, 2003, through December 31, 2003, may not exceed 30% of  
148 the adjusted state severance tax as provided in Subsection (2)(c)(ii) for the taxable year beginning  
149 on or after January 1, 2003, but beginning on or before December 31, 2003; and  
150 (C) beginning on January 1, 2004, may not exceed 50% of the adjusted state severance tax  
151 as provided in Subsection (2)(c)(ii) for the current taxable year.

152 (ii) For purposes of Subsection (2)(c)(i) the adjusted state severance tax is equal to the  
153 difference between:

154 (A) the state severance tax collected under Section 59-5-102 before subtracting the credit  
155 allowed under Subsection (3)(b); and

156 (B) the sum of:

157 (I) the amounts deposited into the Uintah Basin Revitalization Fund in accordance with  
158 Section 59-5-116 and the Navajo Revitalization Fund in accordance with Section 59-5-119; and

159 (II) the adjustments to state severance tax collections described in Subsection (2)(c)(iii).

160 (iii) The following adjustments to state severance tax collections made by the commission  
161 apply to Subsection (2)(c)(ii)(B)(II):

162 (A) an adjustment as a result of a taxpayer filing an amended return;

163 (B) an adjustment as a result of an appeal;

164 (C) an adjustment as a result of a refund;

165 (D) an adjustment as a result of an audit; or

166 (E) an adjustment similar to an adjustment described in Subsections (2)(c)(iii)(A) through  
167 (D).

168 (3) (a) If a county legislative body enacts or repeals a tax under this section, the enactment  
169 or repeal shall take effect:

170 (i) on the first day of a calendar year; and

171 (ii) after a 90-day period beginning on the date the commission receives notice meeting  
172 the requirements of Subsection (3)(b).

173 (b) The notice described in Subsection (3)(a) shall state:

174 (i) that the county legislative body will enact or repeal a tax authorized by this section;

175 (ii) the statutory authority for the tax; and

176 (iii) the effective date of the tax.

177 (4) The commission shall:

178 (a) provide notice to a county legislative body imposing a tax under this section:

179 (i) stating the rate of the tax under this section; and

180 (ii) no later than 90 days after the last day of the calendar year during which the county  
181 legislative body provided notice in accordance with Subsection (3);

182 (b) except as provided in Subsection (4)(d), distribute the revenues generated by the tax

183 authorized by this section to the counties imposing the tax as provided in Subsection (5);

184 (c) administer, collect, and enforce the tax authorized by this section in the same manner  
185 as the commission administers, collects, and enforces the state severance tax under this part; and

186 (d) notwithstanding Subsection (4)(b), deduct from the distribution required by this section  
187 an administrative charge for collecting the tax not to exceed 1-1/2 % of the total amount of the tax  
188 imposed in accordance with this section.

189 (5) (a) On or before August 31 of each year, the commission shall distribute to a county  
190 imposing a tax authorized by this section a percentage of the revenues generated by the tax  
191 determined by the commission by:

192 (i) calculating an amount equal to the individual county oil and gas gross production  
193 amount divided by the total county oil and gas gross production amount as provided in Subsection  
194 (5)(b); and

195 (ii) converting the amount calculated under Subsection (5)(a)(i) into a percentage.

196 (b) For purposes of Subsection (5)(a):

197 (i) the total county oil and gas gross production amount is the oil and gas gross production  
198 amount for all of the counties:

199 (A) imposing the tax authorized by this section; and

200 (B) for the current taxable year; and

201 (ii) the individual county oil and gas gross production amount is the oil and gas gross  
202 production amount for the county:

203 (A) receiving a distribution in accordance with Subsection (5)(a); and

204 (B) for the current taxable year.

205 (6) Revenues generated by the tax authorized by this section shall be used as determined  
206 by the county legislative body.

207 (7) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
208 commission may make rules defining the terms:

209 (a) "oil and gas gross production amount"; and

210 (b) "taxable year."

211 Section 3. Section **59-5-103** is amended to read:

212 **59-5-103. Valuation of oil or gas -- Alternatives -- Exceptions -- Controversies on**  
213 **value to be determined by commission.**

214 (1) For purposes of computing the state severance tax under Section 59-5-102, the value  
215 of oil or gas at the well is the value established under an arm's-length contract for the purchase of  
216 production at the well, or in the absence of such a contract, by the value established in accordance  
217 with the first applicable of the following methods:

218 (a) the value at the well established under a non-arm's-length contract for the purchase of  
219 production at the well, provided that the value is equivalent to the value received under comparable  
220 arm's-length contracts for purchases or sales of like-quality oil or gas in the same field;

221 (b) the value at the well determined by consideration of information relevant in valuing  
222 like-quality oil or gas at the well in the same field or nearby fields or areas such as:

223 (i) posted prices[;];

224 (ii) prices received in arm's-length spot sales[;]; or

225 (iii) other reliable public sources of price or market information;

226 (c) the value established using the net-back method as defined in Section 59-5-101.

227 (2) Oil or gas used in drilling operations in the same oil or gas field and in producing  
228 operations in this field or for repressuring or recycling purposes may not be included with the other  
229 products in arriving at the gross value for tax purposes.

230 (3) (a) Any contract between a parent and a subsidiary company, or between companies  
231 wholly or partially owned by a common parent, or between companies otherwise affiliated that  
232 specifies the value of oil or gas is not arm's-length unless the value of oil or gas specified is  
233 comparable to its fair market value as defined under Section 59-2-102.

234 (b) If there is a controversy regarding the value of oil or gas, the commission shall  
235 determine the value of the oil or gas.

236 Section 4. Section **59-5-105** is amended to read:

237 **59-5-105. Failure to file statement -- Ascertaining correct tax due.**

238 (1) If any person required to file the statement or report with the commission refuses or  
239 neglects to make or deliver to the commission the statement under Section 59-5-104, the  
240 commission shall determine the amount of [~~the~~] severance tax under this part from the best  
241 information or knowledge [~~it~~] the commission can obtain.

242 (2) The commission, for the purpose of ascertaining the correctness of any return or for  
243 the purpose of ascertaining the amount of severance tax under this part when a return has not been  
244 filed, may:



245           ~~[(1)]~~ (a) examine or cause to be examined by any agent or representative designated by ~~[it]~~  
 246 the commission for that purpose any books, papers, records, or memoranda bearing upon the  
 247 matter required to be included in the return;

248           ~~[(2)]~~ (b) require the attendance of any officer or employee of any corporation or person  
 249 required by this ~~[chapter]~~ part to make a return or the attendance of any other person having  
 250 knowledge of any pertinent fact; and

251           ~~[(3)]~~ (c) take testimony and require any other necessary information.

252           Section 5. Section **59-5-106** is amended to read:

253           **59-5-106. Interest and penalty -- Overpayments.**

254           (1) (a) In case of any failure to make or file a return required by this ~~[chapter]~~ part, the  
 255 penalty provided in Section 59-1-401 and interest at the rate and in the manner prescribed in  
 256 Section 59-1-402 shall be charged and added to the tax.

257           (b) The amount ~~[so]~~ added to any tax under Subsection (1)(a), whether as a penalty,  
 258 interest, or both, shall be collected at the same time and in the same manner and as a part of the  
 259 tax.

260           (2) An overpayment of a tax imposed by this ~~[chapter]~~ part shall accrue interest at the rate  
 261 and in the manner prescribed in Section 59-1-402.

262           Section 6. Section **59-5-107** is amended to read:

263           **59-5-107. Date tax due -- Extensions -- Installment payments -- Penalty on**  
 264 **delinquencies -- Audit.**

265           (1) ~~[The]~~ A tax imposed by this ~~[chapter]~~ part is due and payable on or before June 1 of  
 266 the year next succeeding the calendar year when the oil or gas is produced, saved, and sold or  
 267 transported from the field where produced.

268           (2) (a) The commission may, for good cause shown upon a written application by the  
 269 taxpayer, extend the time of payment of the whole or any part of the tax for a period not to exceed  
 270 six months.

271           (b) If the commission grants an extension ~~[is granted]~~ in accordance with Subsection  
 272 (2)(a), interest at the rate and in the manner prescribed in Section 59-1-402 shall be charged and  
 273 added to the amount of the deferred payment of the tax.

274           (3) (a) Every taxpayer subject to this ~~[chapter]~~ part whose total tax obligation under this  
 275 part for the preceding calendar year was \$3,000 or more shall pay the taxes assessed under this

276 [~~chapter~~] part in quarterly installments.

277 (b) Each installment required by Subsection (3)(a) shall be based on the estimated gross  
278 value received by the taxpayer during the quarter preceding the date on which the installment is  
279 due.

280 (4) The quarterly installments are due as follows:

281 (a) for January 1 through March 31, on or before June 1;

282 (b) for April 1 through June 30, on or before September 1;

283 (c) for July 1 through September 30, on or before December 1; and

284 (d) for October 1 through December 31, on or before March 1 of the next year.

285 (5) (a) If the tax is not paid when due or is underpaid, the taxpayer is subject to the penalty  
286 provided under Section 59-1-401, unless otherwise provided in Subsection (6).

287 (b) An underpayment exists if less than 80% of the tax due for a quarter is paid.

288 (6) The penalty for failure to pay the tax due or underpayment of tax may not be assessed  
289 if the taxpayer's quarterly tax installment payment equals 25% of the tax reported and paid by the  
290 taxpayer for the preceding taxable year.

291 (7) [~~There shall be no interest added~~] The commission may not add interest to any  
292 estimated tax payments subject to a penalty under this section.

293 (8) The commission may conduct audits to determine whether any tax is owed under this  
294 section.

295 Section 7. Section **59-5-108** is amended to read:

296 **59-5-108. Tax as lien on property or oil and gas production interests.**

297 (1) [~~The~~] A severance tax imposed by this [~~chapter~~] part, together with penalties and  
298 interest, is and shall remain a lien upon the owner's interest in the oil or gas well or rights in the  
299 well from which the oil or gas is extracted, until the tax is paid.

300 (2) In the case of an owner who has no interest in the oil or gas well, but only in the  
301 proceeds of production from it, the lien is upon the oil or gas production rights or royalty interests  
302 in the well.

303 Section 8. Section **59-5-109** is amended to read:

304 **59-5-109. Adjudicative proceedings for correction of amount of tax.**

305 If [~~any~~] a person [~~feels aggrieved because of~~] disputes the amount of [~~the~~] a severance tax  
306 imposed under this part as determined by the commission, the person may file a request for agency

307 action with the commission within 30 days after notice is mailed to the person, requesting an  
308 adjudicative proceeding and the correction of the assessed tax.

309 Section 9. Section **59-5-110** is amended to read:

310 **59-5-110. Decisions of commission.**

311 ~~[Every]~~ (1) A decision of the commission shall be in writing ~~[and]~~.

312 (2) The commission shall mail notice of ~~[the]~~ a commission decision ~~[shall be mailed]~~ to  
313 the taxpayer within ten days ~~after the day on which the commission issues the decision.~~ ~~[All~~  
314 decisions become]

315 (3) A commission decision under this section becomes final upon the expiration of 30 days  
316 after notice has been mailed to the taxpayer, unless proceedings are taken within such time for a  
317 review in accordance with Title 63, Chapter 46b, ~~[the]~~ Administrative Procedures Act, in which  
318 case ~~[it]~~ the decision becomes final as specified in the Administrative Procedures Act.

319 Section 10. Section **59-5-112** is amended to read:

320 **59-5-112. Failure to pay tax -- Warrant.**

321 (1) If ~~[the]~~ a tax or any part of ~~[it]~~ a tax imposed by this ~~[chapter]~~ part is not paid when  
322 due, the commission may issue a warrant, in duplicate under ~~[its]~~ the commission's official seal,  
323 directed to the sheriff of ~~[any]~~ the county of the state~~[-commanding]~~ in which the taxpayer's real  
324 or personal property is located.

325 (2) The warrant described in Subsection (1) shall direct the sheriff to:

326 (a) levy upon and sell the real and personal property of the taxpayer found within the  
327 county for the payment of the sum of:

328 (i) the amount of tax due~~[-with the added]~~; and

329 (ii) any of the following amounts added to the tax:

330 (A) penalties~~[-]~~;

331 (B) interest~~[-and]~~; or

332 (C) the cost of executing the warrant~~[-and to]~~;

333 (b) return the warrant to the commission; and

334 (c) pay to ~~[it]~~ the commission the money collected from selling the taxpayer's real or  
335 personal property within a specified time~~[-but not more than]~~ that does not exceed 60 days ~~[from]~~  
336 after the date of the warrant.

337 Section 11. Section **59-5-114** is amended to read:

338 **59-5-114. Limitation of actions.**

339 (1) (a) Except as provided in Subsections (1)(c) through (f), the commission shall assess  
340 the amount of taxes imposed under this part, and any penalties and interest, within six years after  
341 a taxpayer files a return.

342 (b) Except as provided in Subsections (1)(c) through (f), if the commission does not make  
343 an assessment under Subsection (1)(a) within six years, the commission may not commence a  
344 proceeding for the collection of the taxes after the expiration of the six-year period.

345 (c) Notwithstanding Subsections (1)(a) and (b), the commission may make an assessment  
346 or commence a proceeding to collect a tax at any time if a deficiency is due to:

347 (i) fraud; or

348 (ii) failure to file a return.

349 (d) Notwithstanding Subsections (1)(a) and (b), beginning on July 1, 1998, the commission  
350 may extend the period to make an assessment or to commence a proceeding to collect the tax under  
351 this part if:

352 (i) the six-year period under this Subsection (1) has not expired; and

353 (ii) the commission and the taxpayer sign a written agreement:

354 (A) authorizing the extension; and

355 (B) providing for the length of the extension.

356 (e) If the commission delays an audit at the request of a taxpayer, the commission may  
357 make an assessment as provided in Subsection (1)(f) if:

358 (i) the taxpayer subsequently refuses to agree to an extension request by the commission;  
359 and

360 (ii) the six-year period under this Subsection (1) expires before the commission completes  
361 the audit.

362 (f) An assessment under Subsection (1)(e) shall be:

363 (i) for the time period for which the commission could not make an assessment because  
364 of the expiration of the six-year period; and

365 (ii) in an amount equal to the difference between:

366 (A) the commission's estimate of the amount of taxes the taxpayer would have been  
367 assessed for the time period described in Subsection (1)(f)(i); and

368 (B) the amount of taxes the taxpayer actually paid for the time period described in

369 Subsection (1)(f)(i).

370 (2)(a) Except as provided in Subsection (2)(b), the commission may not make a credit or  
371 refund for an overpayment of a tax imposed by this part unless the taxpayer files a claim with the  
372 commission within six years of the date of overpayment.

373 (b) Notwithstanding Subsection (2)(a), beginning on July 1, 1998, the commission shall  
374 extend the period for a taxpayer to file a claim under Subsection (2)(a) if:

375 (i) the six-year period under Subsection (2)(a) has not expired; and

376 (ii) the commission and the taxpayer sign a written agreement:

377 (A) authorizing the extension; and

378 (B) providing for the length of the extension.

379 Section 12. Section **59-5-116** is amended to read:

380 **59-5-116. Disposition of certain taxes collected on Ute Indian land.**

381 (1) Except as provided in Subsection (2), [~~commencing July 1, 1996,~~] there shall be  
382 deposited into the Uintah Basin Revitalization Fund established in Section 9-10-102:

383 (a) for taxes imposed under this part beginning on or after July 1, 1996, 33% of the taxes  
384 [~~imposed and~~] collected [~~under Section 59-5-102 from all wells existing on or before June 30,~~  
385 ~~1995, producing from~~] on oil [and], gas, or other hydrocarbon substances produced from a well:

386 (i) for which production began on or before June 30, 1995; and

387 (ii) attributable to interests:

388 [(†)] (A) held in trust by the United States for the Tribe and its members; [~~and~~] or

389 [(†)] (B) [~~until~~] for taxes imposed under this part beginning on or after July 1, 1996, and  
390 ending on December 31, 2004, on lands identified in Pub. L. No. 440, 62 Stat. 72 (1948); and

391 (b) for taxes imposed under this part beginning on or after July 1, 1996, 80% of the taxes  
392 [~~imposed and~~] collected [~~under Section 59-5-102 from new wells beginning production on or after~~  
393 ~~July 1, 1995, producing from~~] on oil [and], gas, or other hydrocarbon substances produced from  
394 a well:

395 (i) for which production began on or after July 1, 1995; and

396 (ii) attributable to interests:

397 [(†)] (A) held in trust by the United States for the Tribe and its members; [~~and~~] or

398 [(†)] (B) [~~until~~] for taxes imposed under this part beginning on or after July 1, 1996, and  
399 ending on December 31, 2004, on lands identified in Pub. L. No. 440, 62 Stat. 72 (1948).

400 (2) (a) The maximum amount deposited in the Uintah Basin Revitalization Fund may not  
401 exceed \$2,000,000 in [~~a given~~] any state fiscal year.

402 (b) Any amounts in excess of the maximum described in Subsection (2)(a) shall be  
403 deposited into the General Fund.

404 Section 13. Section **59-5-119** is amended to read:

405 **59-5-119. Disposition of certain taxes collected on Navajo Nation Land located in**  
406 **Utah.**

407 (1) Except as provided in Subsection (2), [~~commencing July 1, 1997,~~] there shall be  
408 deposited into the Navajo Revitalization Fund established in Section 9-11-104 for taxes imposed  
409 under this part beginning on or after July 1, 1997:

410 (a) 33% of the taxes [~~imposed and~~] collected [~~under Section 59-5-102 from all wells~~  
411 ~~existing on or before June 30, 1996, producing from~~] on oil [~~and~~], gas, or other hydrocarbon  
412 substances produced from a well:

413 (i) for which production began on or before June 30, 1996; and

414 (ii) attributable to interests in Utah held in trust by the United States for the Navajo Nation  
415 and its members; and

416 (b) 80% of the taxes [~~imposed and~~] collected [~~under Section 59-5-102 from new wells~~  
417 ~~beginning production on or after July 1, 1996, producing from~~] on oil [~~and~~], gas, or other  
418 hydrocarbon substances produced from a well:

419 (i) for which production began on or after July 1, 1996; and

420 (ii) attributable to interests in Utah held in trust by the United States for the Navajo Nation  
421 and its members.

422 (2) (a) The maximum amount deposited in the Navajo Revitalization Fund may not exceed  
423 \$2,000,000 in [~~one~~] any state fiscal year.

424 (b) Any amounts in excess of the maximum described in Subsection (2)(a) shall be  
425 deposited into the General Fund.

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**Legislative Review Note**

**as of 2-6-01 6:28 PM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**