

Senator Beverly Ann Evans proposes the following substitute bill:

SEVERANCE TAX AMENDMENTS

2005 GENERAL SESSION

STATE OF UTAH

Sponsor: Beverly Ann Evans

LONG TITLE

General Description:

This bill amends the Oil and Gas Severance Tax part to address the disposition of revenues collected from the oil and gas severance tax.

Highlighted Provisions:

This bill:

- ▶ creates and provides funding for the Oil and Gas Infrastructure Fund;
- ▶ provides that counties in which oil or gas is produced shall receive a distribution of the revenues collected from the oil and gas severance tax;
- ▶ grants rulemaking authority to the State Tax Commission;
- ▶ provides the purposes for which a county legislative body may expend a distribution of revenues; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-5-115, as last amended by Chapter 135, Laws of Utah 1996



26 ENACTS:

27 **59-5-120**, Utah Code Annotated 1953



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

30 Section 1. Section **59-5-115** is amended to read:

31 **59-5-115. Disposition of taxes collected.**

32 (1) [AH] Except as provided in Subsection (2), all taxes imposed and collected under
33 Section 59-5-102 shall be:

34 (a) paid to the commission[-and];

35 (b) promptly remitted to the state treasurer[-]; and [except those taxes otherwise
36 allocated under Section 59-5-116 or 59-5-119,]

37 (c) credited to the General Fund.

38 (2) Notwithstanding Subsection (1), the commission shall deposit the amount required
39 by:

40 (a) Section 59-5-116 into the Uintah Basin Revitalization Fund;

41 (b) Section 59-5-119 into the Navajo Revitalization Fund; and

42 (c) Section 59-5-120 into the Oil and Gas Infrastructure Fund.

43 Section 2. Section **59-5-120** is enacted to read:

44 **59-5-120. Oil and Gas Infrastructure Fund -- Creation -- Funding -- Distribution**
45 **of revenues -- Expenditure of revenues.**

46 (1) There is created within the General Fund a restricted special revenue fund known as
47 the Oil and Gas Infrastructure Fund.

48 (2) The Oil and Gas Infrastructure Fund shall be funded by 25% of the revenues
49 generated by taxes under Section 59-5-102 that:

50 (a) are collected for calendar years beginning on or after January 1, 2006; and

51 (b) remain after the deposits required by Subsections 59-5-115(2)(a) and (b) are made.

52 (3) The commission shall:

53 (a) deposit the revenues described in Subsection (2) into the Oil and Gas Infrastructure
54 Fund on or after the June 1 but before the September 1 of the year after the calendar year for
55 which the revenues are collected; and

56 (b) distribute the revenues from the Oil and Gas Infrastructure Fund to the county

57 legislative bodies of counties in which oil or gas is produced in accordance with Subsections
58 (4) and (5).

59 (4) A county legislative body described in Subsection (3)(b) shall receive a percentage
60 of the revenues described in Subsection (3)(b) in the same proportion that production volumes
61 for oil and gas within that county that are reported to the division for the calendar year for
62 which the revenues are collected bear to the total production volumes for oil and gas within the
63 state that are reported to the division for that same calendar year.

64 (5) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
65 commission may by rule prescribe procedures for making the distributions required by
66 Subsection (4).

67 (6) A county legislative body that receives a distribution of revenues under this section
68 shall expend the revenues only for the development of infrastructure that is used to support the
69 oil and gas industry as determined by the county legislative body.

State Impact

Passage of this bill could result in a loss to the General Fund of \$5,500,000 in FY 2006 and \$11,000,000 in FY 2007. Restricted revenues will increase accordingly.

	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2006</u> <u>Revenue</u>	<u>FY 2007</u> <u>Revenue</u>
General Fund	\$0	\$0	(\$5,500,000)	(\$11,000,000)
Restricted Funds	\$0	\$0	\$5,500,000	\$11,000,000
TOTAL	\$0	\$0	\$0	\$0

Individual and Business Impact

No fiscal impact.
