_____ BILL NO. _____

INTRODUCED BY ____
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE TIMEFRAME FOR QUALIFYING OIL AND NATURAL GAS PRODUCTION AND USING A PORTION OF THE PROCEEDS FOR OIL AND NATURAL GAS IMPACT PROJECTS OF LOCAL GOVERNMENTS AND SCHOOLS; ESTABLISHING THE OIL AND NATURAL GAS IMPACT BOARD; CREATING A COMMUNITY OIL AND NATURAL GAS IMPACT RELIEF ACCOUNT FOR GRANTS TO LOCAL GOVERNMENTS AND SCHOOL DISTRICTS; DEFINING OIL AND GAS IMPACT PROJECTS; ESTABLISHING PRIORITIES FOR OIL AND GAS IMPACT PROJECT PROPOSALS FROM LOCAL GOVERNMENTS AND SCHOOLS; PROVIDING FOR REVIEW OF PROJECTS BY THE OIL AND NATURAL GAS IMPACT BOARD; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 15-36-303, 15-36-304, AND 15-36-331, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Oil and natural gas impact board.** (1) There is an oil and natural gas impact board.

(2) The oil and natural gas impact board is a seven-member board.

(3) Members of the oil and natural gas impact board must include:

(a) a representative of the oil and natural gas industry;

(b) a member of the board of investments provided for in 2-15-1808;

(c) a person who, when appointed to the board, is an elected school district trustee in an area impacted by oil and natural gas development;

(d) a person who, when appointed to the board, is an elected county commissioner in an area impacted by oil and natural gas development;

(e) two members of the public at large in an area impacted by oil and natural gas development; and

(f) a person who is a member of a tribal government in an area impacted by oil and natural gas development.

(4) The oil and natural gas impact board is a quasi-judicial board subject to the provisions of 2-15-124,

except that one of the members need not be an attorney licensed to practice law in this state. The board shall elect a presiding officer from among its members.

NEW SECTION. **Section 2. Definitions.** As used in [sections 2 through 9], the following definitions apply:

(1) "Board" means the oil and natural gas impact board provided for in [section 1].

(2) "Local government" means an incorporated city or town, a county, a consolidated local government, a tribal government, a county or multicounty water, sewer, irrigation, or solid waste district, or an authority as defined in 75-6-304.

(3) "Oil and gas impact projects" means:

(a) drinking water systems;

(b) wastewater treatment;

(c) sanitary sewer or storm sewer systems;

(d) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;

(e) bridges;

(f) broadband;

(g) facilities for government administration;

(h) public safety infrastructure related to law enforcement, fire protection, or emergency services; or

(i) facilities for government administration, fire protection, law enforcement, and emergency services.

(4) "Tribal government" means the government of a federally recognized Indian tribe within the state of Montana.

NEW SECTION. **Section 3. Presiding officer -- meetings -- facilities -- funding.** (1) The board shall elect a presiding officer from among its members.

(2) The board shall meet as necessary or as called by the presiding officer or a majority of the members.

(3) The board is allocated to the department of commerce for administrative purposes only as provided in 2-15-121.

(4) The administrative and operating expenses of the board must be paid from revenue deposited to the credit of the community oil and natural gas impact relief account provided in [section 4].

NEW SECTION. **Section 4. Community oil and natural gas impact relief account.** (1) There is a community oil and natural gas impact relief account in the state special revenue fund provided for in 17-2-102. There must be deposited in the account oil and natural gas production taxes, if any, pursuant to 15-36-331(1)(c). The funds must be administered by the department of commerce on behalf of the board.

(2) Subject to appropriation, the funds in the account must be used by the board for administrative and operating expenses and to provide grants to local governments and school districts that have been required to maintain and expand local government infrastructure and social services as a consequence of oil and gas development. Grants are prioritized as provided in [sections 6 and 7] and subject to the requirements of [section 8].

(3) Funding for project grants may be provided only as long as there are sufficient funds available from the amount that was deposited or transferred into the community oil and natural gas impact relief account.

NEW SECTION. **Section 5. Oil and natural gas impact board -- general powers.** (1) The board may:

(a) retain professional staff, including its administrative staff, and retain consultants and advisers, notwithstanding the provisions of 2-15-121;

(b) adopt rules governing its proceedings, determinations, and administration of [sections 2 through 9];

(c) make payments to local governments and school districts from money paid to the community oil and natural gas impact relief account as provided in [sections 2 through 9];

(d) make determinations as provided in [sections 6 through 8]; and

(e) accept grants and other funds to be used in carrying out [sections 2 through 9].

(2) The provisions of the Montana Administrative Procedure Act apply to the proceedings and determinations of the board.

NEW SECTION. **Section 6. Priorities for local government oil and gas impact projects -- procedure.** (1) The board is authorized to make grants to local governments for oil and gas impact projects from the community oil and natural gas impact relief account provided for in [section 4]. The board:

(a) must receive proposals for oil and gas impact projects from local governments that have been required to maintain and expand local government infrastructure as a consequence of oil and gas development on a continual basis;

(b) must receive proposals for oil and gas impact projects that address the increased social needs of a community or that enable a local government to meet the social needs of existing populations; and

(c) may work with a local government in preparing cost estimates for oil and gas impact projects.

(2) Preference for grants must be given to oil and gas impact projects based on the following order of priority:

(a) projects that solve urgent and serious public health or safety problems or that enable local governments to meet state or federal health or safety standards;

(b) projects that reflect greater need for financial assistance than other projects;

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

(d) projects that enable local governments to obtain funds from sources other than the funds provided under [sections 2 through 9]; and

(e) projects that are high local priorities and have strong community support.

NEW SECTION. **Section 7. Priorities for state school oil and natural gas impact projects -- procedure.** (1) A school district may apply to the board for a grant from the community oil and natural gas impact relief account for circumstances that are directly related to impacts resulting from the development or cessation of development of oil and natural gas as follows:

(a) an unusual enrollment increase as determined pursuant to 20-9-314;

(b) a district's need to hire new teachers or staff as a result of increased enrollment;

(c) the opening or reopening of an elementary or high school approved by the superintendent of public instruction pursuant to 20-6-502 or 20-6-503; or

(d) major maintenance for a school or district.

(2) In reviewing an applicant's request for funding, the board shall consider the following:

(a) the local district's or school's need;

(b) the severity of the energy development impacts;

(c) availability of funds in the account; and

(d) the applicant district's ability to meet the needs identified in subsection (1).

NEW SECTION. **Section 8. Conditions of grants -- disbursement of funds.** (1) The disbursement of grant funds for the oil and gas impact projects chosen by the board pursuant to [sections 6 and 7] are subject to completion of the following conditions:

(a) The grant recipient shall document that other funds required for completion of the project are firmly committed.

(b) The grant recipient must have a project management plan that is approved by the board.

(c) A grant recipient must be in compliance with the auditing and reporting requirements provided in 2-7-503 and have established a financial accounting system that the board can reasonably ensure conforms to generally accepted accounting principles. Tribal governments shall comply with auditing and reporting requirements provided for in 2 CFR, part 200, in effect on [the effective date of this act].

(d) The grant recipient shall execute a grant agreement with the board.

(e) The grant recipient shall satisfy other specific requirements considered necessary by the board to accomplish the purpose of the project as evidenced by the application to the board.

(2) With the exception of bridges, all oil and gas impact projects must adhere to the design standards required by the department of environmental quality. Recipients of grants under [sections 6 and 7] that are not subject to the department of environmental quality design standards shall adhere to generally accepted industry standards.

(3) The board shall disburse grant funds on a reimbursement basis as grant recipients incur eligible project expenses. If actual project expenses are lower than the projected expense of the project, the board must reduce the amount of grant funds to be provided to grant recipients.

NEW SECTION. **Section 9. Rulemaking authority.** (1) The board may adopt rules necessary for the administration of [sections 2 through 9].

(2) The rules may include but are not limited to:

(a) the criteria to use when evaluating grant proposals and prioritizing and awarding grants;

(b) application procedures;

(c) disbursement of grants; and

(d) reporting procedures for grant recipients.

Section 10. Section 15-36-303, MCA, is amended to read:

"15-36-303. Definitions. As used in this part, the following definitions apply:

(1) "Board" means the board of oil and gas conservation provided for in 2-15-3303.

(2) "Department" means the department of revenue provided for in 2-15-1301.

(3) "Enhanced recovery project" means the use of any process for the displacement of oil from the earth other than primary recovery and includes the use of an immiscible, miscible, chemical, thermal, or biological process.

(4) "Existing enhanced recovery project" means an enhanced recovery project that began development before January 1, 1994.

(5) "Expanded enhanced recovery project" or "expansion" means the addition of injection wells or production wells, the recompletion of existing wells as horizontally completed wells, the change of an injection pattern, or other operating changes to an existing enhanced recovery project that will result in the recovery of oil that would not otherwise be recovered. The project must be developed after December 31, 1993.

(6) "Gross taxable value", for the purpose of computing the oil and natural gas production tax, means the gross value of the product as determined in 15-36-305.

(7) "Horizontal drain hole" means that portion of a wellbore with 70 degrees to 110 degrees deviation from the vertical and a horizontal projection within the common source of supply, as that term is defined by the board, that exceeds 100 feet.

(8) "Horizontally completed well" means:

(a) a well with one or more horizontal drain holes; or

(b) any other well classified by the board as a horizontally completed well.

(9) "Incremental production" means:

(a) the volume of oil produced by a new enhanced recovery project, by a well in primary recovery recompleted as a horizontally completed well, or by an expanded enhanced recovery project, which volume of production is in excess of the production decline rate established under the conditions existing before:

(i) commencing the recompletion of a well as a horizontally completed well;

(ii) expanding the existing enhanced recovery project; or

(iii) commencing a new enhanced recovery project; or

(b) in the case of any project that had no taxable production prior to commencing the enhanced recovery project, all production of oil from the enhanced recovery project.

(10) "Natural gas" or "gas" means natural gas and other fluid hydrocarbons, other than oil, produced at the wellhead.

(11) "New enhanced recovery project" means an enhanced recovery project that began development

after December 31, 1993.

(12) "Nonworking interest owner" means any interest owner who does not share in the exploration, development, and operation costs of the lease or unit, except for production taxes.

(13) "Oil" means crude petroleum or mineral oil and other hydrocarbons, regardless of gravity, that are produced at the wellhead in liquid form and that are not the result of condensation of gas after it leaves the wellhead.

(14) "Operator" or "producer" means a person who produces oil or natural gas within this state or who owns, controls, manages, leases, or operates within this state any well or wells from which any marketable oil or natural gas is extracted or produced.

(15) "Post-1999 well" means an oil or natural gas well drilled on or after January 1, 1999, and before January 1, 2020, that produces oil or natural gas or a well that has not produced oil or natural gas during the 5 years immediately preceding the first month of qualifying as a post-1999 well.

(16) "Post-2019 well" means an oil or natural gas well or horizontally completed well drilled on or after January 1, 2020, that produces oil or natural gas.

~~(16)~~(17) "Pre-1999 well" means an oil or natural gas well that was drilled before January 1, 1999.

(18) (a) "Pre-2020 well" means an oil or natural gas well or horizontally completed well drilled on or before December 31, 2019, that produces oil or natural gas.

(b) The term does not include a pre-1999 well.

~~(17)~~(19) "Primary recovery" means the displacement of oil from the earth into the wellbore by means of the natural pressure of the oil reservoir and includes artificial lift.

~~(18)~~(20) "Production decline rate" means the projected rate of future oil production, extrapolated by a method approved by the board, that must be determined for a project area prior to commencing a new or expanded enhanced recovery project or the recompletion of a well as a horizontally completed well. The approved production decline rate must be certified in writing to the department by the board. In that certification, the board shall identify the project area and shall specify the projected rate of future oil production by calendar year and by calendar quarter within each year. The certified rate of future oil production must be used to determine the volume of incremental production that qualifies for the tax rate imposed under 15-36-304(5)(e).

~~(19)~~(21) (a) "Qualifying production" means:

(i) the first 12 months of production of oil or natural gas from a well drilled after December 31, 1998, ~~or~~ and on or before December 31, 2019;

(ii) the first 6 months of production of oil or natural gas from a well drilled after December 31, 2019;

(iii) the first 18 months of production of oil or natural gas from a horizontally completed well drilled after December 31, 1998, and on or before December 31, 2019;

(iv) the first 9 months of production of oil or natural gas from a horizontally completed well drilled after December 31, 2019; or

(v) from a well that has not produced oil or natural gas during the 5 years immediately preceding the first month of qualifying production.

(b) Qualifying production does not include oil production from a horizontally recompleted well.

~~(20)~~(22) "Secondary recovery project" means an enhanced recovery project, other than a tertiary recovery project, that commenced or was expanded after December 31, 1993, and meets each of the following requirements:

(a) The project must be certified as a secondary recovery project to the department by the board. The certification may be extended only after notice and hearing in accordance with Title 2, chapter 4.

(b) The property to be affected by the project must be adequately delineated according to the specifications required by the board.

(c) The project must involve the application of secondary recovery methods that can reasonably be expected to result in an increase, determined by the board to be significant in light of all the facts and circumstances, in the amount of oil that may potentially be recovered. For purposes of this part, secondary recovery methods include but are not limited to:

(i) the injection of water into the producing formation for the purposes of maintaining pressure in that formation or for the purpose of increasing the flow of oil from the producing formation to a producing wellbore; or

(ii) any other method approved by the board as a secondary recovery method.

~~(21)~~(23) "Stripper natural gas" means the natural gas produced from any well that produces less than 60,000 cubic feet of natural gas a day during the calendar year immediately preceding the current year. Production must be determined by dividing the amount of production from a lease or unitized area for the year immediately preceding the current calendar year by the number of producing wells in the lease or unitized area and by dividing the resulting quotient by 365.

~~(22)~~(24) (a) "Stripper oil" means the oil produced from any well that produces more than 3 barrels but fewer than 15 barrels a day for the calendar year immediately preceding the current year if the average price for a barrel of west Texas intermediate crude oil during a calendar quarter is less than $30. If the price of oil is equal to or greater than $30 a barrel in a calendar quarter, there is no stripper tax rate in that quarter.

(b) The average price for a barrel is computed by dividing the sum of the daily price for a barrel of west Texas intermediate crude oil for the calendar quarter by the number of days on which the price was reported in the quarter.

(c) Production must be determined by dividing the amount of production from a lease or unitized area for the year immediately preceding the current calendar year by the number of producing wells in the lease or unitized area and then dividing the resulting quotient by 365.

~~(23)~~(25) "Stripper well exemption" or "stripper well bonus" means petroleum and other mineral or crude oil produced by a stripper well that produces 3 barrels a day or less. Production from this type of well must be determined as provided in subsection ~~(22)(c)~~ (24)(c).

~~(24)~~(26) "Tertiary recovery project" means an enhanced recovery project, other than a secondary recovery project, using a tertiary recovery method that meets the following requirements:

(a) The project must be certified as a tertiary recovery project to the department by the board. The certification may be extended only after notice and hearing in accordance with Title 2, chapter 4.

(b) The property to be affected by the project must be adequately delineated in the certification according to the specifications required by the board.

(c) The project must involve the application of one or more tertiary recovery methods that can reasonably be expected to result in an increase, determined by the board to be significant in light of all the facts and circumstances, in the amount of crude oil that may potentially be recovered. For purposes of this part, tertiary recovery methods include but are not limited to:

(i) miscible fluid displacement;

(ii) steam drive injection;

(iii) micellar/emulsion flooding;

(iv) in situ combustion;

(v) polymer augmented water flooding;

(vi) cyclic steam injection;

(vii) alkaline or caustic flooding;

(viii) carbon dioxide water flooding;

(ix) immiscible carbon dioxide displacement; and

(x) any other method approved by the board as a tertiary recovery method.

~~(25)~~(27) "Well" or "wells" means a single well or a group of wells in one field or production unit and under the control of one operator or producer.

~~(26)~~(28) "Working interest owner" means the owner of an interest in an oil or natural gas well or wells who bears any portion of the exploration, development, and operating costs of the well or wells."

Section 11. Section 15-36-304, MCA, is amended to read:

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

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

	Working Interest	Nonworking Interest
(a) (i) first 12 months of qualifying production from pre-2020 wells and first 6 months of qualifying production from post-2019 wells	0.5%	14.8%
(ii) after ~~12 months~~ qualifying production in subsection (2)(a)(i):		
(A) pre-1999 wells	14.8%	14.8%
(B) post-1999 wells	9%	14.8%
(b) stripper natural gas pre-1999 wells	11%	14.8%
(c) horizontally completed well production:		
(i) first 18 months of qualifying production from pre-2020 wells and first 9 months of qualifying production from post-2019 wells	0.5%	14.8%
(ii) after ~~18 months~~ qualifying production in subsection (2)(c)(i)	9%	14.8%

(3) The reduced tax rates under subsection (2)(a)(i) on production for the first 12 months of natural gas

production ~~from a well~~ from pre-2020 wells and for the first 6 months of natural gas production from post-2019 wells begin following the last day of the calendar month immediately preceding the month in which natural gas is placed in a natural gas distribution system, provided that notification has been given to the department.

(4) The reduced tax rates under subsection (2)(c)(i) on production from a horizontally completed well for the first 18 months of production from pre-2020 wells and for the first 9 months of production from post-2019 wells begin following the last day of the calendar month immediately preceding the month in which natural gas is placed in a natural gas distribution system, provided that notification has been given to the department.

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

	Working Interest	Nonworking Interest
(a) primary recovery production:		
(i) first 12 months of qualifying production from pre-2020 wells and first 6 months of qualifying production from post-2019 wells	0.5%	14.8%
(ii) after ~~12 months~~ qualifying production in subsection (5)(a)(i):		
(A) pre-1999 wells	12.5%	14.8%
(B) post-1999 wells	9%	14.8%
(b) stripper oil production:		
(i) first 1 through 10 barrels a day production	5.5%	14.8%
(ii) more than 10 barrels a day production	9.0%	14.8%
(c) (i) stripper well exemption production	0.5%	14.8%
(ii) stripper well bonus production	6.0%	14.8%
(d) horizontally completed well production:		
(i) first 18 months of qualifying production from pre-2020 wells and first 9 months of qualifying production from post-2019 wells	0.5%	14.8%
(ii) after ~~18 months~~ qualifying production in		

subsection (5)(d)(i):

(A) pre-1999 wells	12.5%	14.8%
(B) post-1999 wells	9%	14.8%
(e) incremental production:		
(i) new or expanded secondary recovery production	8.5%	14.8%
(ii) new or expanded tertiary production	5.8%	14.8%
(f) horizontally recompleted well:		
(i) first ~~18~~ 9 months	5.5%	14.8%
(ii) after ~~18~~ 9 months:		
(A) pre-1999 wells	12.5%	14.8%
(B) post-1999 wells	9%	14.8%

(6) (a) The reduced tax ~~rates~~ rate under subsection (5)(a)(i) on qualifying primary recovery production for the first 12 months of oil production ~~from a well~~ from pre-2020 wells and for the first 6 months of oil production from post-2019 wells begin following the last day of the calendar month immediately preceding the month in which oil is pumped or flows, provided that notification has been given to the department.

(b) (i) The reduced tax ~~rates~~ rate under subsection (5)(d)(i) on qualifying oil production from a horizontally completed well for the first 18 months of production from pre-2020 wells and for the first 9 months of production from post-2019 wells begin following the last day of the calendar month immediately preceding the month in which oil is pumped or flows if the well has been certified as a horizontally completed well to the department by the board.

(ii) The reduced tax rates under subsection (5)(f)(i) on oil production from a horizontally recompleted well for the first ~~18~~ 9 months of production begin following the last day of the calendar month immediately preceding the month in which oil is pumped or flows if the well has been certified as a horizontally recompleted well to the department by the board.

(c) Incremental production is taxed as provided in subsection (5)(e) only if the average price for a barrel of west Texas intermediate crude oil during a calendar quarter is less than $54. If the price of oil is equal to or greater than $54 a barrel in a calendar quarter as determined in subsection (6)(e), then incremental production from pre-1999 wells and from post-1999 wells is taxed at the rate imposed on primary recovery production under subsections (5)(a)(ii)(A) and (5)(a)(ii)(B), respectively, for production occurring in that quarter, other than exempt stripper well production.

(d) (i) Stripper well exemption production is taxed as provided in subsection (5)(c)(i) only if the average price for a barrel of west Texas intermediate crude oil during a calendar quarter is less than $54. If the price of oil is equal to or greater than $54 a barrel, there is no stripper well exemption tax rate and oil produced from a well that produces 3 barrels a day or less is taxed as stripper well bonus production.

(ii) Stripper well bonus production is subject to taxation as provided in subsection (5)(c)(ii) only if the average price for a barrel of west Texas intermediate crude oil during a calendar quarter is equal to or greater than $54.

(e) For the purposes of subsections (6)(c) and (6)(d), the average price for each barrel must be computed by dividing the sum of the daily price for a barrel of west Texas intermediate crude oil for the calendar quarter by the number of days on which the price was reported in the quarter.

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

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

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

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

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

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

Section 12. Section 15-36-331, MCA, is amended to read:

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

(b) For the purposes of distribution of oil and natural gas production taxes to county and school district taxing units under 15-36-332 and to the state, the department shall determine the amount of oil and natural gas production taxes paid on production in the taxing unit.

<u>(c) After the allocations are made under subsections (2)(a) and (2)(b), the department shall calculate the amount of taxes attributable to the provisions of 15-36-304 because of the reduction of time for qualifying production required by the amendment of 15-36-303 and 15-36-304 in [this act]. The amount of taxes attributable to the reduction in time for qualifying production after the allocations are made under subsections (2)(a) and (2)(b) must be deposited in the community oil and natural gas impact relief account established in [section 4].</u>

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

(b) The amount of the tax allocated in 15-36-304(7)(b) for the oil and gas natural resource distribution account established in 90-6-1001(1) must be deposited in the account.

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

Big Horn	45.05%
Blaine	58.39%
Carbon	48.27%
Chouteau	58.14%
Custer	69.53%
Daniels	50.81%
Dawson	47.79%
Fallon	41.78%
Fergus	69.18%
Garfield	45.96%
Glacier	58.83%

Golden Valley	58.37%
Hill	64.51%
Liberty	57.94%
McCone	49.92%
Musselshell	48.64%
Petroleum	48.04%
Phillips	54.02%
Pondera	54.26%
Powder River	60.9%
Prairie	40.38%
Richland	47.47%
Roosevelt	45.71%
Rosebud	39.33%
Sheridan	47.99%
Stillwater	53.51%
Sweet Grass	61.24%
Teton	46.1%
Toole	57.61%
Valley	51.43%
Wibaux	49.16%
Yellowstone	46.74%
All other counties	50.15%

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(v)~~(e) all remaining proceeds to the state general fund.

(5) A payment required pursuant to this section may be withheld if, for more than 90 days, a local government fails to:

(a) file a financial report required by 15-1-504;

(b) remit any amounts collected on behalf of the state as required by 15-1-504; or

(c) remit any other amounts owed to the state or another taxing jurisdiction."

NEW SECTION. **Section 13. Notification to tribal governments.** The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell Chippewa tribe.

NEW SECTION. **Section 14. Codification instruction.** (1) [Section 1] is intended to be codified as an integral part of Title 2, chapter 15, part 18, and the provisions of Title 2, chapter 15, part 18, apply to [section 1].

(2) [Sections 2 through 9] are intended to be codified as an integral part of Title 90, chapter 6, and the provisions of Title 90, chapter 6, apply to [sections 2 through 9].

NEW SECTION. **Section 15. Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 16. Applicability.** [Sections 10 through 12] apply to oil and natural gas wells drilled after December 31, 2019, and to oil and natural gas produced by and sold from those wells after December 31, 2019.

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