

SB 731

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OFFICE WEST VIRGINIA  
SECRETARY OF STATE

**WEST VIRGINIA LEGISLATURE**  
Regular Session, 2002

**ENROLLED**

SENATE BILL NO. 731

(By Senator Wooton et al)

PASSED March 9, 2002

In Effect ninety days from **Passage**

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## Senate Bill No. 731

(BY SENATORS WOOTON, CALDWELL, HUNTER,  
KESSLER, MINARD, MITCHELL, REDD, ROSS, ROWE,  
SNYDER, DEEM AND FACEMYER)

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[Passed March 9, 2002; in effect ninety days from passage.]

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AN ACT to amend and reenact section three-a, article thirteen-a, chapter eleven of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to requiring the tax commissioner to develop a single form for reporting oil and gas production to all government agencies; setting forth legislative findings; and requiring that reports be accessible in other formats.

*Be it enacted by the Legislature of West Virginia:*

That section three-a, section thirteen-a, chapter eleven of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:

**ARTICLE 13A. SEVERANCE TAXES.**

**§11-13A-3a. Imposition of tax on privilege of severing natural gas or oil; tax commissioner to develop a uniform reporting form.**

1 (a) *Imposition of tax.* – For the privilege of engaging or  
2 continuing within this state in the business of severing  
3 natural gas or oil for sale, profit or commercial use, there  
4 is hereby levied and shall be collected from every person  
5 exercising such privilege an annual privilege tax: *Pro-*  
6 *vided,* That effective for all taxable periods beginning on  
7 or after the first day of January, two thousand, there is an  
8 exemption from the imposition of the tax provided for in  
9 this article on the following: (1) Free natural gas provided  
10 to any surface owner; (2) natural gas produced from any  
11 well which produced an average of less than five thousand  
12 cubic feet of natural gas per day during the calendar year  
13 immediately preceding a given taxable period; (3) oil  
14 produced from any oil well which produced an average of  
15 less than one-half barrel of oil per day during the calendar  
16 year immediately preceding a given taxable period; and (4)  
17 for a maximum period of ten years, all natural gas or oil  
18 produced from any well which has not produced market-  
19 able quantities of natural gas or oil for five consecutive  
20 years immediately preceding the year in which a well is  
21 placed back into production and thereafter produces  
22 marketable quantities of natural gas or oil.

23 (b) *Rate and measure of tax.* – The tax imposed in  
24 subsection (a) of this section shall be five percent of the  
25 gross value of the natural gas or oil produced, as shown by  
26 the gross proceeds derived from the sale thereof by the  
27 producer, except as otherwise provided in this article.

28 (c) *Tax in addition to other taxes.* – The tax imposed by  
29 this section shall apply to all persons severing gas or oil in  
30 this state, and shall be in addition to all other taxes  
31 imposed by law.

32 (d) (1) The Legislature finds that in addition to the  
33 production reports and financial records which must be

34 filed by oil and gas producers with the State tax commis-  
35 sioner in order to comply with this section, oil and gas  
36 producers are required to file other production reports  
37 with other agencies, including, but not limited to, the  
38 office of oil and gas, the public service commission and  
39 county assessors. The reports required to be filed are  
40 largely duplicative, the compiling of the information in  
41 different formats is unnecessarily time consuming and  
42 costly, and the filing of one report or the sharing of  
43 information by agencies of government would reduce the  
44 cost of compliance for oil and gas producers.

45 (2) On or before the first day of July, two thousand three,  
46 the tax commissioner shall design a common form that  
47 may be used for each of the reports regarding production  
48 that are required to be filed by oil and gas producers,  
49 which form shall readily permit a filing without financial  
50 information when such information is unnecessary. The  
51 commissioner shall also design such forms so as to permit  
52 filings in different formats, including, but not limited to,  
53 electronic formats.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

*[Signature]*  
.....  
Chairman Senate Committee

*[Signature]*  
.....  
Chairman House Committee

Originated in the Senate.

In effect ninety days from passage.

*[Signature]*  
.....  
Clerk of the Senate

*[Signature]*  
.....  
Clerk of the House of Delegates

*[Signature]*  
.....  
President of the Senate

*[Signature]*  
.....  
Speaker House of Delegates

The within *is approved* this the *3rd*  
Day of *April*, 2002.  
*[Signature]*  
.....  
Governor

PRESENTED TO THE

GOVERNOR

Date

3/26/02

Time

3:00 p

PRESENTED TO THE

GOVERNOR

Date 3/26/02

Time 3:00 p