ENROLLED

House Bill No. 4598

(By Delegate Michael)

Passed March 11, 2006

In Effect Ninety Days from Passage
AN ACT to amend and reenact §11-1C-14 of the Code of West Virginia, 1931, as amended; to amend and reenact §11-10-5w of said code; and to amend and reenact §11-13A-3a of said code, all relating to information provided on oil and gas property tax returns; providing limited information relating to oil and gas property that may be disclosed by certain state agencies; and eliminating by the first day of July, two thousand six, the requirement for a combined oil and gas property tax return.

Be it enacted by the Legislature of West Virginia:

That §11-1C-14 of the Code of West Virginia, 1931, as amended, be amended and reenacted; that §11-10-5w of said code be amended and reenacted; and that §11-13A-3a of said code be amended and reenacted, all to read as follows:

ARTICLE 1C. FAIR AND EQUITABLE PROPERTY VALUATION.

§11-1C-14. Confidentiality and disclosure of return information to develop or maintain a mineral mapping or geographic information system; offenses; penalties.
(a) All information provided by or on behalf of a natural resources property owner or by or on behalf of an owner of an interest in natural resources property to any state or county representative, including property tax returns, maps and geological information and property tax audit information provided to the West Virginia Department of Environmental Protection, Office of Oil and Gas, and the West Virginia Geological and Economic Survey, for use in the valuation or assessment of natural resources property or for use in the development or maintenance of a legislatively funded mineral mapping or geographic information system is confidential. The information is exempt from disclosure under section four, article one, chapter twenty-nine-b of this code, and shall be kept, held and maintained confidential except to the extent the information is needed by the State Tax Commissioner to defend an appraisal challenged by the owner or lessee of the natural resources property subject to the appraisal: Provided, That this section may not be construed to prohibit the publication or release of information generated as a part of the minerals mapping or geographic information system, whether in the form of aggregated statistics, maps, articles, reports, professional talks or otherwise, presented in accordance with generally accepted practices and in a manner so as to preclude the identification or determination of information about particular property owners: Provided, however, That effective the first day of July, two thousand six, the Tax Commissioner may disclose the following specified information obtained from the West Virginia oil and gas producer/operator return to the West Virginia Geological and Economic Survey and the West Virginia Department of Environmental Protection, Office of Oil and Gas: Provided further, That the West Virginia Geological and Economic Survey and the West Virginia Department of Environmental Protection, Office of Oil and Gas, may disclose the following specified information obtained from the West Virginia oil and gas producer/operator return.
(1) The name and address of the owner of a working interest in the well for which the return is filed;

(2) The county and district within the county wherein the oil or gas well is located and taxed for ad valorem taxation purposes;

(3) The name, address and telephone number of the producer and the producer=s agent;

(4) The American Petroleum Institute number assigned to each well for which the return is filed;

(5) The total barrels produced in the reporting period for each oil well for which the return is filed; and

(6) The total mcf produced in the reporting period for each gas well for which the return is filed.

(b) Any state or county representative or employee, or employee or representative of the West Virginia Geological and Economic Survey or the Department of Environmental Protection, who violates this section by disclosing confidential information is guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than one thousand dollars or confined in jail for not more than one year, or both fined and confined, and shall be assessed the cost of prosecution. As used in this section, the term "state or county representative" includes any current or former state or county employee, officer, commission or board member and any state or county agency, institution, organization, contractor or subcontractor and any principal, officer, agent or employee thereof.

ARTICLE 10. TAX PROCEDURE AND ADMINISTRATION.

§11-10-5w. Confidentiality and disclosure of information set forth in the oil and gas combined reporting form speci-
fied in subsection (d), section three-a, article thirteen-a of this chapter to county assessors, the Department of Environmental Protection and to the Public Service Commission; offenses; penalties.

(a) Confidentiality of certain information reported on the oil and gas combined reporting form, exception. — The following information provided by or on behalf of any person or entity on the oil and gas combined reporting form specified in subsection (d), section three-a, article thirteen-a of this chapter is confidential:

1. The natural resources account number (NRA);
2. Total gross revenue for oil or gas or both;
3. Working interest revenue for oil or gas or both;
4. The name and address of the owner of a working interest or override royalty interest in the well;
5. The ownership interest held by the owner of a working interest or override royalty interest in the well, expressed as a percentage or decimal equivalent, of total ownership of each listed owner; and
6. The income of any owner.

Such information is exempt from disclosure under section four, article one, chapter twenty-nine-b of this code, and shall be kept, held and maintained as confidential except to the extent the information is disclosable under subsections (b) and (c) of this section.

(b) Disclosure to county assessors, Department of Environmental Protection and Public Service Commission authorized.
24 — Notwithstanding the provisions of section five-d, article ten
25 of this chapter to the contrary, and notwithstanding any other
26 provision of this code to the contrary, the Tax Commissioner
27 may disclose the oil and gas combined reporting form specified
28 in subsection (d), section three-a, article thirteen-a of this
29 chapter, and information set forth thereon to county assessors,
30 the Department of Environmental Protection and the Public
31 Service Commission for the purpose of administering and
32 implementing the assessment, administrative, oversight and
33 regulatory functions and responsibilities with which they are
34 charged by law.

(c) Release and publication of information. —

(1) Statistical and aggregate information. — This section
shall not be construed to prohibit the publication or release of
summary statistical information derived from the oil and gas
combined reporting form, including summary statistical
information derived from the items specified in subsection (a)
of this section. Publication or release of such summary statisti-
cal information is authorized in the form of aggregated statis-
tics, maps, articles, reports or professional talks, or in other
forms, provided it is presented in accordance with generally
accepted practices and in a manner so as to preclude the
identification of particular oil and gas combined report filers
and to preclude derivation or determination of information
specified in subsection (a) of this section about particular oil
and gas combined report filers.

(2) Release and publication of certain information. —
Notwithstanding the provisions of this section to the contrary
and notwithstanding any other provision of this code to the
contrary, the Tax Commissioner, county assessors, the Depart-
ment of Environmental Protection, and the Public Service
Commission may publish or publicly release information
provided by or on behalf of any person or entity in the oil and
gas combined reporting form except for the information specified as confidential in subsection (a) of this section.

(d) **Penalty of unlawful disclosure.** — Any state, county or governmental subdivision employee or representative (including, but not limited to, any county assessor or any employee or representative of the West Virginia Department of Environmental Protection or the West Virginia Public Service Commission), who violates this section by making an unlawful or unauthorized disclosure of confidential information that is reported on the oil and gas combined reporting form is guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than one thousand dollars or confined in jail for not more than one year, or both fined and confined, and shall be assessed the cost of prosecution. As used in this section, the term "state, county or governmental subdivision employee or representative" includes, but is not limited to, any current or former state, county or municipal employee, officer, or commission or board member, and any state, county or municipal agency, institution, organization, contractor or subcontractor and any principal, officer, agent or employee thereof.

(e) Effective the first day of July, two thousand six, this section shall have no force or effect.

**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.

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

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

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

(d)(1) The Legislature finds that in addition to the produc-
tion reports and financial records which must be filed by oil and
gas producers with the State Tax Commissioner in order to
comply with this section, oil and gas producers are required to
file other production reports with other agencies, including, but
not limited to, the office of oil and gas, the Public Service
Commission and county assessors. The reports required to be
filed are largely duplicative, the compiling of the information
in different formats is unnecessarily time consuming and costly,
and the filing of one report or the sharing of information by
agencies of government would reduce the cost of compliance for oil and gas producers.

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

(3) Effective the first day of July, two thousand six, this subsection shall have no force or effect.
That Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

Chairman House Committee

Originating in the House.

In effect ninety days from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker of the House of Delegates

The within is approved this the 3rd day of April, 2006.

Governor