State of South Dakota

EIGHTY-EIGHTH SESSION
LEGISLATIVE ASSEMBLY, 2013

627U0050

HOUSE BILL NO. ____14_____

Introduced by: _____

FOR AN ACT ENTITLED, An Act to impose an excise tax to address depredation of property resulting from certain energy development activities and to establish an energy property depredation fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That chapter 10-39B be amended by adding thereto a NEW SECTION to read as follows:

In addition to the excise tax imposed in § 10-39B-2, there is hereby imposed an additional excise tax to be known as an energy depredation tax, equal to two and four-tenths mills of the taxable value of any energy minerals severed and saved. The tax shall be paid by the operator as defined in subdivision 10-39A-1.1(3). An operator may not pass the tax on to the owner of the energy minerals. The tax imposed by this section shall be placed in the energy property depredation fund established pursuant to section 2 of this Act and collected in accordance with chapter 10-39A except that §§ 10-39A-1, 10-39A-3, and 10-39A-7 to 10-39A-14, inclusive, do not apply to the tax imposed by this section.

Section 2. That chapter 45-9 be amended by adding thereto a NEW SECTION to read as follows:

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Insertions into existing statutes are indicated by underscores.
Deletions from existing statutes are indicated by ~~overstrikes~~.

(Option A) There is hereby established in the state treasury the energy property depredation fund. The fund shall be administered by the Board of Minerals and Environment to pay for the depredation and reclamation of property related to abandoned energy mineral development sites. The Board of Minerals and Environment may expend money appropriated from the fund to plug abandoned oil and gas wells and to reclaim affected lands which were obligated to be reclaimed under the permits upon which the performance and restoration bonds have been released or forfeited.

(Option B) There is hereby established in the state treasury the energy property depredation fund. The fund shall be administered by the Department of Environment and Natural Resources to pay for the depredation and reclamation of property related to abandoned energy mineral development sites if the performance and restoration bonds have been released or forfeited. Money in the fund shall be available to landowners pursuant to procedures and amounts established in rules promulgated, pursuant to chapter 1-26, by the Board of Minerals and Environment for the purpose of paying for damages and the recovery of land affected by energy exploration and development.

Expenditures from the fund shall be budgeted through the normal budget process. Unexpended funds and interest shall remain in the fund until appropriated by the Legislature.

Section 3. That § 10-39B-2 be amended to read as follows:

10-39B-2. There is imposed on the severance of energy minerals in this state an excise tax, to be known as a conservation tax, equal to two and four-tenths mills of the taxable value of any energy minerals severed and saved. The tax shall be paid by the operator as defined in subdivision 10-39A-1.1(3). An operator may not pass the tax on to the owner of the energy minerals. The tax ~~provided for in this chapter~~ imposed by this section shall be placed in the

1 environment and natural resources fee fund established pursuant to § 1-40-30 and collected in
2 accordance with chapter 10-39A except that §§ 10-39A-1, 10-39A-3, and 10-39A-7 to 10-39A-
3 14, inclusive, do not apply to the tax imposed by this chapter. The tax collected from the
4 production of oil or gas may be used to carry out the duties as set forth in chapter 45-9. The tax
5 collected from the production of coal or uranium may be used to carry out the duties as set forth
6 in chapters 45-6B and 45-6D.