

1 **H. B. 2962**

2
3 (By Delegate White)

4 [Introduced March 19, 2013; referred to the
5 Committee on the Judiciary then Finance.]

6 (By request of the Division of Tax)

**FISCAL
NOTE**

7
8
9
10
11 A BILL to amend the Code of West Virginia, 1931, as amended, by
12 adding thereto a new section, designated §11-13A-22, relating
13 to exemptions from the tax on the privilege of severing
14 natural gas and oil; terminating a severance tax exemption for
15 natural gas or oil produced from any well that has not
16 produced marketable quantities for five consecutive years
17 immediately preceding the year in which such well is placed
18 back into production and thereafter produces marketable
19 quantities of natural gas or oil ; providing an exception; and
20 specifying a controlling effective date.

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

22 That the Code of West Virginia, 1931, as amended, be amended
23 by adding thereto a new section, designated §11-13A-22, to read as
24 follows:

1 **ARTICLE 13A. SEVERANCE AND BUSINESS PRIVILEGE TAX ACT.**

2 **§11-13A-22. Termination of exemption.**

3 (a) On and after July 1, 2013, the exemption set forth in
4 subdivision (4), subsection (a), section three-a of this article is
5 void and of no force or effect. However, if a well for which the
6 producer established entitlement to that exemption on or before
7 June 30, 2013, the exemption from tax continues for natural gas or
8 oil produced from that well for the remainder of the ten-year
9 period for which the exemption was originally applicable.

10 (b) Pursuant to section five-p, article ten of this chapter,
11 termination of the exemption set forth in subdivision (4),
12 subsection (a), section three-a of this article on and after July
13 1, 2013, is subject to the controlling internal effective date of
14 this section and is not subject to the alternative effective date
15 provisions of section five-p, article ten of this chapter.

NOTE: The purpose of this bill is to terminate a severance tax exemption for the production of natural gas and oil. The bill provides an exception and specifies a controlling effective date.

§11-13A-22 is new; therefore, the section has been completely underscored.