



1                   **fee; penalties.**

2           (a) Imposition of fee. -- An underground injection control  
3 well fee is levied and imposed upon the disposal of waste from  
4 natural gas drilling operations at any underground injection  
5 control well in this state in the amount of:

6           (1) Five cents per forty-two gallon barrel, or like ratio of  
7 any part of a barrel, of waste that is delivered to a well to be  
8 injected in the well when the waste is produced within the state,  
9 except as provided in subsection (e) of this section; and

10           (2) Twenty cents per forty-two gallon barrel, or like ratio of  
11 any part of a barrel, of waste that is delivered to a well to be  
12 injected in the well when the waste is produced outside the state,  
13 except as provided in subsection (e) of this section.

14           The fee imposed by this section is in addition to all other  
15 fees and taxes levied by law and shall be added to and constitute  
16 part of any other fee charged by the operator or owner of the  
17 underground injection control well.

18           (b) Collection, return, payment and records. -- The person or  
19 entity injecting the waste from natural gas drilling operations at  
20 the underground injection control well shall pay the fee imposed by  
21 this section, whether or not that person or entity owns the waste  
22 from natural gas drilling operations, to the Tax Commissioner:

23           (1) The fee imposed by this section accrues at the time the  
24 waste is delivered to the underground injection control well;

1       (2) The operator shall remit the fee imposed by this section  
2 to the Tax Commissioner on or before the fifteenth day of the month  
3 next succeeding the month in which the fee accrued. When remitting  
4 the fee, the operator shall file returns on forms and in the manner  
5 prescribed by the Tax Commissioner;

6       (3) The operator shall account to the state for all fees  
7 collected under this section and shall hold them in trust for the  
8 state until they are remitted to the Tax Commissioner;

9       (4) If any operator fails to collect the fee imposed by this  
10 section, he or she is personally liable for the amount he or she  
11 failed to collect, plus applicable additions to tax, penalties and  
12 interest imposed by article ten, chapter eleven of this code;

13       (5) Whenever any operator fails to collect, truthfully account  
14 for, remit the fee or file returns with the fee as required in this  
15 section, the Tax Commissioner may serve written notice requiring  
16 the operator to collect the fees which become collectible after  
17 service of the notice, to deposit the fees in a bank approved by  
18 the Tax Commissioner, in a separate account, in trust for and  
19 payable to the Tax Commissioner, and to keep the amount of the fees  
20 in the account until remitted to the Tax Commissioner. The notice  
21 shall remain in effect until a notice of cancellation is served on  
22 the operator or owner by the Tax Commissioner;

23       (6) Whenever the owner of an underground injection control  
24 well leases the underground injection control well to an operator,

1 the operator is primarily liable for collection and remittance of  
2 the fee imposed by this section and the owner is secondarily liable  
3 for remittance of the fee imposed by this section. However, if the  
4 operator fails, in whole or in part, to discharge his or her  
5 obligations under this section, the owner and the operator of the  
6 underground injection control well are jointly and severally  
7 responsible and liable for compliance with this section;

8 (7) If the operator or owner responsible for collecting the  
9 fee imposed by this section is an association or corporation, the  
10 officers of the association or corporation are liable, jointly and  
11 severally, for any default on the part of the association or  
12 corporation, and payment of the fee and any additions to tax,  
13 penalties and interest imposed by article ten, chapter eleven of  
14 this code may be enforced against them as against the association  
15 or corporation which they represent; and

16 (8) Each person disposing of waste from natural gas drilling  
17 operations at an underground injection control well and each person  
18 required to collect the fee imposed by this section shall keep  
19 complete and accurate records in the form required by the Tax  
20 Commissioner in accordance with the rules of the Tax Commissioner.

21 (c) Definitions. -- For purposes of this section, the term  
22 "underground injection control well" means any shaft or hole sunk,  
23 drilled, bored or dug into the earth or into underground strata for  
24 the injection or placement of any liquid or gas, or any shaft or

1 hole sunk or used in conjunction with such injection or placement.  
2 The term "well" does not include any shaft or hole sunk, drilled,  
3 bored or dug into the earth for the sole purpose of core drilling  
4 or pumping or extracting therefrom potable, fresh or usable water  
5 for household, domestic, industrial, agricultural or public use.

6 (d) Procedure and administration. -- Notwithstanding section  
7 three, article ten, chapter eleven of this code, all other  
8 provisions of the "West Virginia Tax Procedure and Administration  
9 Act" as set forth in article ten, chapter eleven of this code apply  
10 to the fee imposed by this section with like effect as if the act  
11 were applicable only to the fee imposed by this section and were  
12 set forth in extenso in this section.

13 (e) Criminal penalties. -- Notwithstanding section two,  
14 article nine, chapter eleven of this code, sections three through  
15 seventeen, article nine, chapter eleven of this code apply to the  
16 fee imposed by this section with like effect as if the sections  
17 were applicable only to the fee imposed by this section and were  
18 set forth in extenso in this section.

19 (f) Dedication of proceeds. -- The proceeds of the fees  
20 collected pursuant to this article from any underground injection  
21 control well pursuant shall be remitted, at least monthly, to the  
22 county commission in the county in which the underground injection  
23 control well is located. The county commission may use these  
24 proceeds only for infrastructure and/or recreation projects.

1       (g) Rule making. -- The secretary and Tax Commissioner are  
2 authorized to propose rules for legislative approval in accordance  
3 with article three, chapter twenty-nine-a of this code necessary to  
4 effectuate this section.

NOTE: The purpose of this bill is to create an underground injection control well assessment fee for operators injecting waste from natural gas drilling operations. The bill requires record keeping, defines a term, provides criminal penalties and authorizes rule making. The bill requires the proceeds from the fee collected by the tax department to be remitted to the county commission of the county in which the underground injection control well is located. The bill permits the county commissions to use the proceeds from the fees for only infrastructure and/or recreation projects.

This section is new; therefore, it has been completely underscored.