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**SENATE BILL 764**

**47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005**

**INTRODUCED BY**

**Rod Adair**

**AN ACT**

**RELATING TO TAXATION; REDUCING THE RATE OF TAX ON SEVERING  
NATURAL GAS IMPOSED PURSUANT TO THE OIL AND GAS EMERGENCY  
SCHOOL TAX ACT.**

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:**

**Section 1. Section 7-31-4 NMSA 1978 (being Laws 1959,  
Chapter 54, Section 4, as amended) is amended to read:**

**"7-31-4. PRIVILEGE TAX LEVIED--COLLECTED BY  
DEPARTMENT--RATE--INTEREST OWNER'S LIABILITY TO STATE--INDIAN  
LIABILITY.--**

**A. There is levied and shall be collected by the  
department a privilege tax on the business of every person  
severing products in this state. The measure of the tax shall  
be:**

**(1) on oil and on oil and other liquid**

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1 hydrocarbons removed from natural gas at or near the wellhead,  
2 except as provided in Paragraphs (4) and (5) of this  
3 subsection, three and fifteen-hundredths percent of the taxable  
4 value determined pursuant to Section 7-31-5 NMSA 1978;

5 (2) on carbon dioxide, three and  
6 fifteen-hundredths percent of the taxable value determined  
7 pursuant to Section 7-31-5 NMSA 1978;

8 (3) on natural gas, except as provided in  
9 Paragraphs (6) and (7) of this subsection, [~~four~~] three and  
10 fifteen-hundredths percent of the taxable value determined  
11 pursuant to Section 7-31-5 NMSA 1978;

12 (4) on the oil and on other liquid  
13 hydrocarbons removed from natural gas at or near the wellhead  
14 from a stripper well property, one and fifty-eight hundredths  
15 percent of the taxable value determined pursuant to Section  
16 7-31-5 NMSA 1978, provided that the average annual taxable  
17 value of oil was equal to or less than fifteen dollars (\$15.00)  
18 per barrel in the calendar year preceding July 1 of the fiscal  
19 year in which the tax rate is to be imposed;

20 (5) on the oil and on other liquid  
21 hydrocarbons removed from natural gas at or near the wellhead  
22 from a stripper well property, two and thirty-six hundredths  
23 percent of the taxable value determined pursuant to Section  
24 7-31-5 NMSA 1978, provided that the average annual taxable  
25 value of oil was greater than fifteen dollars (\$15.00) per

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1 barrel but not more than eighteen dollars (\$18.00) per barrel  
2 in the calendar year preceding July 1 of the fiscal year in  
3 which the tax rate is to be imposed;

4 (6) on the natural gas removed from a stripper  
5 well property, two percent of the taxable value determined  
6 pursuant to Section 7-31-5 NMSA 1978, provided that the average  
7 annual taxable value of natural gas was equal to or less than  
8 one dollar fifteen cents (\$1.15) per thousand cubic feet in the  
9 calendar year preceding July 1 of the fiscal year in which the  
10 tax rate is to be imposed; and

11 (7) on the natural gas removed from a stripper  
12 well property, three percent of the taxable value determined  
13 pursuant to Section 7-31-5 NMSA 1978, provided that the average  
14 annual taxable value of natural gas was greater than one dollar  
15 fifteen cents (\$1.15) per thousand cubic feet but not more than  
16 one dollar thirty-five cents (\$1.35) per thousand cubic feet in  
17 the calendar year preceding July 1 of the fiscal year in which  
18 the tax rate is to be imposed.

19 B. Every interest owner, for the purpose of levying  
20 this tax, is deemed to be in the business of severing products  
21 and is liable for this tax to the extent of [~~his~~] the owner's  
22 interest in the value of the products or to the extent of [~~his~~]  
23 the owner's interest as may be measured by the value of the  
24 products.

25 C. Any Indian tribe, Indian pueblo or Indian is

1 liable for this tax to the extent authorized or permitted by  
2 law. "

3 Section 2. EFFECTIVE DATE. --The effective date of the  
4 provisions of this act is July 1, 2005.

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