AN ACT

RELATING TO THE OIL AND GAS RECLAMATION FUND; ENSURING THE STABILITY OF FUNDS AVAILABLE IN THE OIL AND GAS RECLAMATION FUND; INCREASING THE MAXIMUM AMOUNT TO BE HELD IN THE OIL AND GAS RECLAMATION FUND BEFORE TRIGGERING A DECREASE IN THE OIL AND GAS CONSERVATION TAX.

- BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO: Section 1. Section 7-30-4 NMSA 1978 (being Laws 1959, Chapter 53, Section 4, as amended) is amended to read:
- "7-30-4. OIL AND GAS CONSERVATION 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 tax on all products that are severed and sold. Except as provided in Subsections B and C of this section, the measure and rate of the tax shall be nineteen-hundredths percent of the taxable value of sold products. Every interest owner shall be liable for this tax to the extent of the owner's interest in the value of the products or to the extent of the owner's interest as may be measured by the value of the products. An Indian tribe, Indian pueblo or Indian shall be liable for this tax to the extent authorized or permitted by law.
 - B. In the event the unencumbered balance in the

oil and gas reclamation fund equals or exceeds two million five hundred thousand dollars (\$2,500,000) for any one-month period computed after receipt of the tax for that month, the rate of the tax levied by this section shall be eighteen-hundredths percent beginning with the first day of the second month following the month in which the unencumbered balance equaled or exceeded two million five hundred thousand dollars (\$2,500,000).

- C. After having been reduced to eighteenhundredths percent, the rate of the tax imposed by this
 section shall remain at that rate until the unencumbered
 balance in the oil and gas reclamation fund is less than or
 equal to five hundred thousand dollars (\$500,000) for any
 one-month period computed after receipt of the tax for that
 month, in which event the rate of the tax levied by this
 section shall be increased to nineteen-hundredths percent
 beginning with the first day of the second month following the
 month in which the unencumbered balance equaled or was less
 than five hundred thousand dollars (\$500,000).
- D. The department shall notify taxpayers of any change in the rate of tax imposed by this section." _____ HB 777 Page 2