

## LEGISLATIVE BILL 636

Approved by the Governor May 12, 1971

Introduced by Robert L. Clark, 47th District

AN ACT relating to taxation; to provide for the taxation of fractional interests in oil, gas, or other hydrocarbon units or fields as prescribed; to provide penalties; to repeal sections 57-232 and 57-233, Reissue Revised Statutes of Nebraska, 1943; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. (1) Where oil, gas, or other hydrocarbon wells or fields belonging to multiple owners are operated as a unit, the owner of each fractional interest in such unit shall be liable for the same proportion of the tax levied against the total unit that his fractional interest therein bears to the total of interests in such unit.

(2) The unit operator shall collect from the owners of the fractional interests and remit to the county treasurer of the county in which the unit is located the tax levied against the entire unit. The unit operator may deduct and withhold from royalty payments, or any other payments made to any fractional interest owner, either in kind or in money, the estimated amount of the tax to be paid by such fractional interest owner. Any difference between the estimated tax so withheld and the actual tax payable by any owner of a fractional interest may be accounted for by adjustments in royalty or other payments made to such owner subsequent to the time the actual tax is determined.

(3) At the request of any unit operator who does not disburse payments to fractional interest owners, the first purchaser shall collect the tax from the fractional interest owners and transfer such proceeds to the unit operator who shall remit to the treasurer the tax levied against the entire unit. Such first purchaser shall collect from the fractional interest owners under the same procedure outlined for the unit operator in this section.

(4) Failure of the unit operator to collect and remit the tax as provided in this section shall not preclude the county treasurer from utilizing lawful collection and enforcement remedies and procedures

against the owner of any fractional interest to collect the tax owed by such owner; but a nonoperating owner shall not be subject to penalty or interest upon the tax owed unless he fails to remit such tax within twenty days after notification to him by the county treasurer of the default of the operator.

(5) For the purposes of this section, unit shall mean any single oil, gas, or other hydrocarbon well or field which has multiple ownership, or any combination of oil, gas, or other hydrocarbon wells, fields, and properties consolidated into a single operation, whether by a formal agreement or otherwise, and owner shall mean the holder of any interest or interests in any such property or unit including royalty interests.

Sec. 2. That sections 57-232 and 57-233, Reissue Revised Statutes of Nebraska, 1943, are repealed.

Sec. 3. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.