

Oil & Gas Severance Tax Distribution *Where Does The Money Go?*

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What is oil & gas severance tax?

Severance taxes are taxes imposed on the removal of natural resources within a taxing jurisdiction. Resources that typically incur severance taxes when extracted include oil, natural gas, coal, uranium, and timber. Complete definition can be found in Chapter 7, Article 29 NMSA 1978

Severance Tax taxes all products severed and sold in New Mexico. The tax is imposed on the taxable value of the product. On all products, the tax rate is three and three-fourths percent (3.75%) of the taxable value.



What is collected on a monthly basis?

Revenue Period From: 06/30/2018 Revenue Period To: 06/30/2018

San Juan County

REVENUE DISTRIBUTION

Revenue Period	Fiscal Period	Tax Type	Beneficiary	Local Option	Surfs	County	School	Municipality	Rate	Amount
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	Albuq Municipal Schools	School District Debt Service	4510	San Juan	07	No Municipality Code	San Juan Basin	0.90
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	James Mountain School District	School District Capital Improvement	3870	New Mexico	08	No Municipality Code	San Juan Basin	0.91
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	James Mountain School District	School District Debt Service	2620	New Mexico	08	No Municipality Code	San Juan Basin	0.91
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	James Mountain School District	School District Operations	1970	New Mexico	08	No Municipality Code	San Juan Basin	0.90
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	DOT Construction - GNF							22.46
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	DOT Emergency Subsid - GNF							499.45
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	DOT Infrastructure Fund							1.75
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	DOT Severance Fund							468.23
06/30/2018	07/20/1990	DOT - Oil and Gas Severance	State Debt Service	State Debt Service	3920	New Mexico	03	No Municipality Code	San Juan Basin	0.01
06/30/2018	07/20/1990	DOT - Oil and Gas Severance	State Debt Service	State Debt Service	4520	San Juan	03	No Municipality Code	San Juan Basin	0.23
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	State Debt Service	State Debt Service	4120	San Juan	08	No Municipality Code	San Juan Basin	0.18
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	Treasurer of New Mexico	County Debt Service	3820	New Mexico	03	No Municipality Code	San Juan Basin	0.88
06/30/2018	03/20/1990	DOT - Oil and Gas Severance	Treasurer of New Mexico	County Property	3720	New Mexico	03	No Municipality Code	San Juan Basin	0.88
06/30/2018	03/20/1990	DOT - Oil and Gas Severance	Treasurer of New Mexico	County Operations	3520	New Mexico	03	No Municipality Code	San Juan Basin	0.88
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	Treasurer of San Juan	College Building Levy	4520	San Juan	05	No Municipality Code	San Juan Basin	1.44
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	Treasurer of San Juan	College Building Levy	4020	San Juan	08	No Municipality Code	San Juan Basin	2.31
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	Treasurer of San Juan	Communication Authority	4020	San Juan	05	No Municipality Code	San Juan Basin	1.20
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	Treasurer of San Juan	Communication Authority	4020	San Juan	08	No Municipality Code	San Juan Basin	1.80
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	Treasurer of San Juan	Community College	4510	San Juan	02	No Municipality Code	San Juan Basin	0.80
06/30/2018	02/20/1990	DOT - Oil and Gas Severance	Treasurer of San Juan	Community College	4020	San Juan	05	No Municipality Code	San Juan Basin	0.79

112,818,922.91

- *for the purpose of this presentation, June 30, 2018 Revenue Period will be used



How much money does the state keep?

For the revenue period June 30, 2018, \$112,839,322.91 was collected in oil & gas severance taxes

The state of new Mexico kept \$96,483,303.27 of the \$112 million or roughly 85.5%

- The breakdown of the \$96 million is as follows
 - \$7,724.57 to OGT Aged Credit-GNF*
 - \$2,233,382.21 to OGT Conservation-GNF*
 - \$43,778,965.56 to OGT Emergency School-GNF*
 - \$258,428.38 to OGT Reclamation Fund
 - \$49,311,032.19 to OGT Severance Fund (*4.7% of this money in this fund gets distributed to GNF*)
 - \$893,770.36 to State Debt Service

*GNF is State of New Mexico's General Fund



June 2018 distribution – received July 2018

NOTICE OF ACH TRANSFER

07/19/2018

Treasurer of Eddy County
101 W GREENE ST
CARLSBAD NM 88220

Distribution:	Ad Valorem Production Tax
Distribution Period:	06/30/2018
Est. Bank Settlement:	07/23/2018

Your distribution has been electronically transferred to your bank account in the amount of **\$5,301,963.39**.



What does eddy county actually keep?

EDDY COUNTY - Oil & Gas Report FY2018/2019									
Date	Month End.	Oil & Gas Check	County Portion	Municipalities	Carlsbad School	Loving School	Artesia School	Hospital	Total
07/23/2018P	June-18	\$ 5,301,963.39	\$ 1,867,558.62	\$ 73.18	\$ 2,296,116.67	\$ 280,514.01	\$ 497,866.47	\$ 339,834.44	\$ 5,301,963.39



Who produces the oil & gas revenue?

- For the month of June 2018, Gross Value (excluding deductions) was \$1,459,006,793.16
- Eddy County produced \$564,355,710.53 of the \$1.45 billion
- Lea County produced \$714,099,466.39 of the \$1.45 billion
- Together, Eddy and Lea County produced \$1,278,455,176.92 or roughly 87.63%



Summary

- In the month of June 2018, \$112,839,322.91 was collected in oil & gas severance tax in the state of new Mexico
- The state kept \$96,483,303.27 (85.5%)
- Eddy County kept \$1,887,558.62 (1.67%)
- In the month of June 2018, Eddy and Lea County produced 87.63% of oil & gas.



References

Website: <https://tap.state.nm.us/Tap/#1>

Lucinda Sydow, Senior Economist – New Mexico Taxation & Revenue Department

