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



PREPARED BY ROBERTA SMITH, FINANCE DIRECTOR

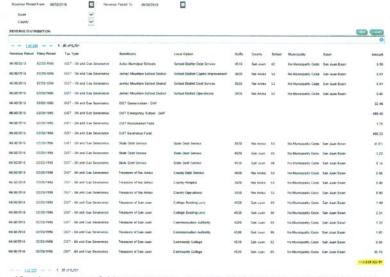
What is oil & gas severance tax?

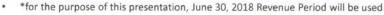
Severance taxes are taxes imposed on the removal of natural resources within a taxing jurisdiction. Resources that typically incur severance taxes when extracted include oil, natural gas, coal, uranium, and timber. Complete definition can be found in Chapter 7, Article 29 NMSA 1978

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?







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?

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	\$ 1,887,558.62	\$ 73.18	\$ 2,296,116.67	\$	280.514.01	S	497,866.47	5	339,834.44	\$ 5,301,963.39
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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

