



**Dan Bucks**  
Director

# Montana Department of Revenue



**Brian Schweitzer**  
Governor

Date: January 31, 2012

TO: County Treasurer  
Oil and Natural Gas Producing Counties

FROM: Lee Baerlocher, Bureau Chief

SUBJECT: Distribution of Oil and Natural Gas Production Tax for 3<sup>rd</sup> Quarter 2011

Please find enclosed supporting documents for the Oil and Natural Gas Production Tax Distribution for production occurring during the quarter listed above.

We collected, and are distributing \$55,004,591.75 in production taxes. The total revenue distribution is as follows:

<u>Revenue:</u> Total Collections	\$55,013,568.85
<b>Total</b>	<b>\$55,013,568.85</b>

County Total Distribution:

County	20,981,368.70
Guarantee Account	4,288,769.23
<b>Total</b>	<b>\$25,270,137.93</b>

State Distribution:

Oil, Gas, & Coal Natural Resource Account	961,560.05
Board of Oil and Gas Conservation	509,133.74
Natural Resources Operations Special Revenue Account	571,109.29
Natural Resources Projects State Special Revenue Account	610,691.12
Orphan Share Account	834,045.75
University System	749,227.53
General Fund	25,507,663.44
<b>Total</b>	<b>\$29,743,430.92</b>

Enclosed you will find a report titled MT\_FR005-COGS Quarterly County Distribution. The MT\_FR005 report front page shows a summary, for each county's share of total revenue. The remaining pages provide further detail on how each county's total oil and gas production taxes are to be allocated by fund based on MCA 15-36-332 (2) fixed

percentages taking into consideration any limitations from Senate Bill (SB) 329 passed in the 2011 Legislative Session.

New SB 329 language codified under Title 20-9-310 directs us to provide you with full quarterly distributions up to 130% of a school district's fiscal year (FY) 2012 maximum budget. Any monies exceeding the 130% limitation must be deposited in a guarantee account provided in MCA 20-9-622. We performed a calculation that directs any excess monies to the guarantee account. A line has been added to each county's breakout on the MT\_FR005 report, showing the funds that are directed to the guarantee account. If the monies you receive are less than the amount shown on this report that means at least one school district in your county has reached the 130% maximum budget during the quarter and we have redirected the excess to the guarantee account as we are required by law.

Enclosed you will find a new report called the School District Distribution that summarizes our distribution calculation at the school district level. The first column of the report lists the school district (SD) numbers in ascending order for the oil and gas producing counties. Column two provides a brief description of the SD. Column three shows the 130% maximum SD budget for FY 2012. The FY 2012 130% maximum budget amounts by school district were provided to us by the Superintendent of Public Instruction as required by law. Column four shows our calculation of the monies distributed to each school district for the first, second and third quarters of the school FY 2012. In some cases this could be a negative number due to amended returns or audit refunds. Column five shows the amount a SD is over their 130% maximum budget through the first three quarterly distributions of the school fiscal year 2012.

MCA 15-36-331 through 15-36-332 provides the specific information you will need to distribute the funds in your county. You can find the MCA on the state's home page at [http://data.opi.mt.gov/bills/mca\\_toc/index.htm](http://data.opi.mt.gov/bills/mca_toc/index.htm)

Your check is being mailed separately or electronically if requested.

If you have any questions regarding the distribution of the oil and natural gas production taxes, please contact any of the following individuals:

Phone Number

Van Charlton	(406) 444-3584
Dan McLeod	(406) 444-6921
Keith Broussard	(406) 444-3585
Lee Willis	(406) 444-5877

c: County Commissioners  
School Superintendents  
DOR County Office