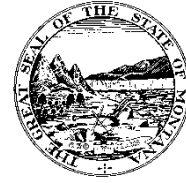




Montana Department of Revenue



Mike Kadas
Director

Steve Bullock
Governor

Date: July 30, 2013

TO: County Treasurer
Oil and Natural Gas Producing Counties

FROM: Lee Baerlocher, Bureau Chief

SUBJECT: Distribution of Oil and Natural Gas Production Tax for 1st Quarter 2013

Please find the supporting documents for the oil and gas production tax distribution listed above at the following web site.

http://revenue.mt.gov/forbusinesses/taxes_licenses_fees_permits/natural_resources_quarterly_distribution_reports.mcp

We collected, and are distributing \$55,283,998.66 in production taxes and interest earnings. The total revenue and distribution is as follows:

<u>Revenue:</u>	Total Collections	\$55,283,998.66
	Total	\$55,283,998.66
<u>County Total Distribution:</u>		
	County	\$25,117,416.39
	Guarantee Account	\$91,047.73
	State School Oil and Natural Gas Impact Account	\$6,503.41
	County School Oil and Natural Gas Impact Fund	\$32,517.05
	Total	\$25,247,484.58
<u>Tribal Distribution:</u>		
		\$0.00
	Total	\$0.00
<u>State Distribution:</u>		
	Oil, Gas, & Coal Natural Resource Account	\$1,102,481.21
	Board of Oil and Gas Conservation	\$564,475.72
	Natural Resources Operations Special Revenue Account	\$573,065.05
	Natural Resources Projects State Special Revenue Account	\$612,782.43
	Orphan Share Account	\$836,901.94
	University System	\$751,793.26
	General Fund	\$25,595,014.47
	Total	\$30,036,514.08

At the above web site, 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 Montana Code Annotated (MCA) 15-36-332 (2) fixed percentages taking into consideration any limitations from Senate Bill (SB) 175 passed in the 2013 Legislative Session.

Any monies exceeding the limitation must be deposited into the accounts provided in MCA 20-9-622, 20-9-517 and 20-9-518. We performed a calculation that directs any excess monies into those accounts. Three lines have been added to each counties breakout on the MT_FR005 report, showing the funds that are directed to the accounts. 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 maximum budget during the quarter, and we have redirected the excess to the accounts as required by law.

At the above web site, you will find a 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 maximum SD budget for FY 2014. The FY 2014 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 quarter of the school FY 2014. 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 maximum budget through the first quarterly distribution of the school FY 2014.

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://leg.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:

Van Charlton	(406) 444-3584
Keith Broussard	(406) 444-3585
Melissa Quigley	(406) 444-3777
Dale Smith	(406) 444-6958
Josh Kamensky	(406) 444-3501
Kelli Barcus	(406) 444-6921
Tyler Flaig	(406) 444-5877

c: County Commissioners
School Superintendents
DOR County Offices