



## State-Tribal Relations Committee

### 60th Montana Legislature

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TO: State-Tribal Relations Committee Members  
FROM: Jeremy Gersovitz, Staff Attorney

RE: Comparison of Substantive Points of Difference between Fort Peck Tribes and State of Montana Oil and Natural Gas Production Tax Agreement signed March 25, 2008, and Amended Oil and Natural Gas Tax Revenue Sharing Agreement between Blackfeet Tribe and State of Montana signed February 4, 2000

DATE: August 13, 2008

#### TAX COLLECTION

Under the terms of the Fort Peck Agreement, the State collects the taxes and then remits the Tribe's share to it (Sec. VII, P. 4); under the terms of the Blackfeet Tribe Agreement, the Tribal Business Council collects the taxes and then remits to the State and local governments their share of it (Sec. 4, P. 3).

#### TAX SHARING

Under the terms of the Fort Peck Agreement, the amount of oil and gas production tax monies is split equally. (Sec. VIII, P.5). The agreement concerns new oil and gas production only and is not concerned with the taxation of existing oil and gas production (Sec. II.B, P.2); under the terms of the Blackfeet Tribe Agreement, a much more complex formula is employed. The Tribe receives the State general fund share of the State share of production taxes for wells drilled on the Reservation. The State receives the production taxes which fund the Resource Indemnity Trust and Ground Water Assessment Tax and the Board of Oil and Gas Conservation. The local governments and all school funding sources continue to receive their share of production taxes for wells completed before January 1, 1996, but give their share of production to the Tribe for the first three years of production on all wells completed after January 1, 1996. After the first three years of production, the Tribe and local governments share the revenue which originally went to the local government until, at the conclusion of nine years of production, the local government will receive 99% of the production taxes it received prior to January 1, 1996, and the Tribe will receive 1% of the amount which went to the local government prior to the Agreement. The 1% share is intended to function as an administrative fee to help compensate the Tribe for collecting the tax. The Tribe and the local governments share the production for years four, five and six based on a 45/55 split between the local government and the Tribe. In years seven, eight and nine, the split is 70/30 between the local government and the Tribe. (Sec. 5, Pp. 4-5).

#### LENGTH OF AGREEMENT

Under the terms of the Fort Peck Agreement, it runs from March 25, 2008, until June 30, 2017. (sec. IX, P.5). Renewal was to be for a term of ten years. (Sec. XX, P. 11). Under the terms of the Blackfeet Tribe Agreement, it runs for a period of 18 months. (Sec. 15, P.10). No specific renewal term was set out. Subsequent amendments have extended the agreement.