

**HB 3193-S - DIGEST**

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Provides that the royalty for each lease entered into under chapter 79.14 RCW must be established by the commissioner of public lands and represent at least five percent, but no more than thirty percent of the gross production of all oil, gas, or other hydrocarbons produced and saved from the lands covered by a lease issued under this act.

Requires that in determining the royalty for leases under this act, the commissioner must consider the remaining income to the owner after all costs are considered, including normal risk and a fair rate of return. The royalty adopted by the commissioner should ensure that the state of Washington receives a fair share of the revenue from oil and gas resources, while allowing the owner to maintain a large enough share of the production to allow the owner to receive a reasonable return on the investment.

Requires the department to deposit amounts collected by it under this act to the energy freedom account created in chapter . . . (Second Substitute House Bill No. 2393), Laws of 2006, or if chapter . . . (Second Substitute House Bill No. 2393), Laws of 2006 is not enacted during the 2006 regular session, the money must be distributed to the state general fund.