

1 STATE OF OKLAHOMA

2 2nd Session of the 55th Legislature (2016)

3 HOUSE BILL 2774

By: McCall

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Sections 1003 and 1005, which relate to
9 gross production tax administration; modifying
10 procedures with respect to monies held by the
11 Oklahoma Tax Commission from tax imposed on certain
12 unknown sources; providing for payment to royalty
13 owners under certain circumstances; providing for
14 apportionment of revenue amount under certain
15 circumstances; modifying reporting duties of certain
16 transporters; repealing 68 O.S. 2011, Section 1016,
17 which relates to distribution of certain gross
18 production tax proceeds to the General Revenue Fund;
19 providing an effective date; and declaring an
20 emergency.

21 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

22 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1003, is
23 amended to read as follows:

24 Section 1003. A. It shall be the duty of the Oklahoma Tax
Commission to collect, in addition to the gross production tax,
twelve and one-half percent (12 1/2%) of the gross value of all oil
reported to the Tax Commission as recovered from streams, lakes,
ponds, ravines and other natural depressions to which oil shall have
escaped or therein was found and twelve and one-half percent (12

1 1/2%) of the gross value of all oil which is reported to the Tax
2 Commission and which report does not disclose the actual source of
3 the oil. ~~The Tax Commission shall hold the proceeds thereof for~~
4 ~~twelve (12) months in its depository account with the State~~
5 ~~Treasurer, during which time~~ In the event the rightful owner or
6 owners of the royalty interest therein, ~~upon proper application and~~
7 provide satisfactory proof made of mineral ownership to the Tax
8 Commission within twelve (12) months of when the tax payment was
9 received by the Tax Commission, such royalty interest owners, shall
10 be paid their proper interest or interests ~~out of the depository~~
11 ~~account.~~ Otherwise, the Tax Commission shall, ~~after the lapse of~~
12 ~~one (1) year from the collection of any such sum,~~ distribute the
13 ~~same~~ such sum as provided by law for the distribution of gross
14 production taxes.

15 B. For purposes of this section, "actual source" shall be the
16 well or wells and particular leasehold from which the oil was
17 produced.

18 C. The operators of salt water disposal facilities shall be
19 required to pay to the Tax Commission the fee of twelve and one-half
20 percent (12 1/2%) as required by this section on the amount of oil
21 recovered in excess of two percent (2%) of the volume of water
22 handled.

23 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1005, is
24 amended to read as follows:

1 Section 1005. (a) ~~It shall be the duty of~~ Upon request of the
2 Tax Commission, every railroad company, pipeline or transportation
3 company ~~to furnish to the Tax Commission shall provide,~~ upon forms
4 prescribed by it, any and all information relative to the
5 transportation of crude oil or gas subject to gross production tax,
6 that may be required to properly enforce the provisions of this
7 article; and such reports shall contain, along with other
8 information required, the name of shipper, amount of oil and gas
9 transported, point of receipt of shipment and point of destination.
10 The Tax Commission may require any such pipeline or transportation
11 company to install suitable measuring devices to enable such company
12 to include in such reports the quantity of oil or gas transported
13 within, into, out of, or across the State of Oklahoma.

14 (b) It shall be the duty of every person engaged in the
15 operation of a refinery for the processing of oil or gas in the
16 State of Oklahoma to furnish monthly to the Tax Commission, upon
17 forms prescribed by it, any and all information relative to the
18 amount of oil or gas subject to gross production tax that has been
19 processed by it during such monthly period, and oil on hand at the
20 close of such period, that may be required to properly enforce the
21 provisions of this article.

22 (c) It shall be the duty of every person engaged in the
23 selling, purchasing, treating or transporting of tank bottoms, pit
24 oil or liquid hydrocarbons from which petroleum oil is extracted, to

1 furnish monthly a report to the Tax Commission, upon forms
2 prescribed by it, any and all information relative to the selling,
3 purchasing, treating or transporting of all tank bottoms, pit oil or
4 liquid hydrocarbons that may be required to properly enforce the
5 provisions of this article.

6 (d) It shall be the duty of every person engaged in the
7 purchasing or storing of oil subject to gross production tax in the
8 State of Oklahoma to furnish monthly a report to the Tax Commission,
9 upon forms prescribed by it, showing the amount of such oil in
10 storage, giving, along with other information required, the
11 location, identity, character and capacity of the storage receptacle
12 in which such oil is stored.

13 (e) All reports required by this article shall become due on
14 the first day of each calendar month on all lead, zinc, jack, ~~gold,~~
15 ~~silver or~~ copper, petroleum oil, tank bottoms, pit oil and liquid
16 hydrocarbons from which petroleum oil is extracted, natural gas or
17 casinghead gas produced in and saved during the preceding monthly
18 period, and if such reports are not received on or before the tenth
19 day of the calendar month following the month such reports become
20 due, the reports shall become delinquent. The failure of any person
21 to comply with the provisions of this section shall make any such
22 person liable for a penalty, in accordance with Section 1010 of this
23 title, for each day it shall fail or refuse to furnish such
24 statement or comply with the provisions of this article. Such

1 penalty may be recovered at the suit of the state, on relation of
2 the Tax Commission and shall be apportioned as other gross
3 production tax penalties.

4 SECTION 3. REPEALER 68 O.S. 2011, Section 1016, is
5 hereby repealed.

6 SECTION 4. This act shall become effective July 1, 2016.

7 SECTION 5. It being immediately necessary for the preservation
8 of the public peace, health and safety, an emergency is hereby
9 declared to exist, by reason whereof this act shall take effect and
10 be in full force from and after its passage and approval.

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