

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 55th Legislature (2016)

4 HOUSE BILL 2774

By: McCall of the House

5 and

6 Smalley of the Senate

7
8
9 AS INTRODUCED

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

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

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

22 Section 1003. A. It shall be the duty of the Oklahoma Tax
23 Commission to collect, in addition to the gross production tax,
24 twelve and one-half percent (12 1/2%) of the gross value of all oil

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

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

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

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

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

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

3 (c) It shall be the duty of every person engaged in the
4 selling, purchasing, treating or transporting of tank bottoms, pit
5 oil or liquid hydrocarbons from which petroleum oil is extracted, to
6 furnish monthly a report to the Tax Commission, upon forms
7 prescribed by it, any and all information relative to the selling,
8 purchasing, treating or transporting of all tank bottoms, pit oil or
9 liquid hydrocarbons that may be required to properly enforce the
10 provisions of this article.

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

18 (e) All reports required by this article shall become due on
19 the first day of each calendar month on all lead, zinc, jack, ~~gold,~~
20 ~~silver or~~ copper, petroleum oil, tank bottoms, pit oil and liquid
21 hydrocarbons from which petroleum oil is extracted, natural gas or
22 casinghead gas produced in and saved during the preceding monthly
23 period, and if such reports are not received on or before the tenth
24 day of the calendar month following the month such reports become

1 due, the reports shall become delinquent. The failure of any person
2 to comply with the provisions of this section shall make any such
3 person liable for a penalty, in accordance with Section 1010 of this
4 title, for each day it shall fail or refuse to furnish such
5 statement or comply with the provisions of this article. Such
6 penalty may be recovered at the suit of the state, on relation of
7 the Tax Commission and shall be apportioned as other gross
8 production tax penalties.

9 SECTION 3. REPEALER 68 O.S. 2011, Section 1016, is
10 hereby repealed.

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

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

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17 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
18 02/25/2016 - DO PASS, As Coauthored.

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