

1 ENGROSSED HOUSE  
2 BILL NO. 2774

By: McCall of the House

3 and

4 Smalley of the Senate

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 SECTION 3. REPEALER 68 O.S. 2011, Section 1016, is  
8 hereby repealed.

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

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

14 Passed the House of Representatives the 10th day of March, 2016.

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Presiding Officer of the House  
of Representatives

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19 Passed the Senate the \_\_\_ day of \_\_\_\_\_, 2016.

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Presiding Officer of the Senate

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