

1 **SENATE FLOOR VERSION**

2 April 5, 2016

3 **AS AMENDED**

4 ENGROSSED HOUSE
5 BILL NO. 2774

6 By: McCall of the House

7 and

8 Smalley of the Senate

9 **[revenue and taxation - gross production tax
10 administration - tax imposed on certain unknown
11 sources - repealer - effective date -
12 emergency-]**

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

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

16 Section 1003. A. It shall be the duty of the Oklahoma Tax
17 Commission to collect, in addition to the gross production tax,
18 twelve and one-half percent (12 1/2%) of the gross value of all oil
19 reported to the Tax Commission as recovered from streams, lakes,
20 ponds, ravines and other natural depressions to which oil shall have
21 escaped or therein was found and twelve and one-half percent (12
22 1/2%) of the gross value of all oil which is reported to the Tax
23 Commission and which report does not disclose the actual source of
24 the oil. ~~The Tax Commission shall hold the proceeds thereof for
twelve (12) months in its depository account with the State~~

1 ~~Treasurer, during which time~~ In the event the rightful owner or
2 owners of the royalty interest therein, ~~upon proper application and~~
3 provide satisfactory proof ~~made~~ of mineral ownership to the Tax
4 Commission within twelve (12) months of when the tax payment was
5 received by the Tax Commission, such royalty interest owners, shall
6 be paid their proper interest or interests ~~out of the depository~~
7 ~~account.~~ Otherwise, the Tax Commission shall, ~~after the lapse of~~
8 ~~one (1) year from the collection of any such sum,~~ distribute the
9 ~~same~~ such sum as provided by law for the distribution of gross
10 production taxes.

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

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

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

21 Section 1005. (a) ~~It shall be the duty of~~ Upon request of the
22 Tax Commission, every railroad company, pipeline or transportation
23 company ~~to furnish to the Tax Commission~~ shall provide, upon forms
24 prescribed by it, any and all information relative to the

1 transportation of crude oil or gas subject to gross production tax,
2 that may be required to properly enforce the provisions of this
3 article; and such reports shall contain, along with other
4 information required, the name of shipper, amount of oil and gas
5 transported, point of receipt of shipment and point of destination.
6 The Tax Commission may require any such pipeline or transportation
7 company to install suitable measuring devices to enable such company
8 to include in such reports the quantity of oil or gas transported
9 within, into, out of, or across the State of Oklahoma.

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

18 (c) It shall be the duty of every person engaged in the
19 selling, purchasing, treating or transporting of tank bottoms, pit
20 oil or liquid hydrocarbons from which petroleum oil is extracted, to
21 furnish monthly a report to the Tax Commission, upon forms
22 prescribed by it, any and all information relative to the selling,
23 purchasing, treating or transporting of all tank bottoms, pit oil or

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1 liquid hydrocarbons that may be required to properly enforce the
2 provisions of this article.

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

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

1 SECTION 3. REPEALER 68 O.S. 2011, Section 1016, is
2 hereby repealed.

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

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

8 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
9 April 5, 2016 - DO PASS AS AMENDED

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