

STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

SENATE BILL 1246

By: Morgan

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2001, Section 1101, which relates to petroleum excise taxes; allowing certain credit against petroleum excise taxes; defining term; specifying amount of credit and certain requirements related thereto; limiting total amount of credits; providing termination date; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2001, Section 1101, is amended to read as follows:

Section 1101. A. Prior to July 1, 2006, and as provided in Section 1103.1 of this title, there is hereby levied, in addition to the gross production tax, an excise tax equal to ninety-five one thousandths of one percent (.095 of 1%) of the gross value on each and every barrel of petroleum oil produced in the State of Oklahoma which is subject to gross production tax in the State of Oklahoma. Such excise tax of ninety-five one thousandths of one percent (.095 of 1%) of the gross value shall be reported to and collected by the Oklahoma Tax Commission at the same time and in the same manner as is provided by law for the collection of gross production tax on petroleum oil. On petroleum oil sold at the time of production, the excise tax thereon shall be paid by the purchaser, who is hereby authorized to deduct in making settlement with the producer and/or royalty owner the amount of tax so paid; provided, that in the event oil on which such tax becomes due is not sold at the time of production, but is retained by the producer, the tax on such oil not so sold shall be paid by the producer ~~for himself~~ directly,

including the tax due on royalty oil not sold; and provided, further, that in settlement with royalty owner, such producer shall have the right to deduct the amount of tax so paid on royalty oil, or to deduct therefrom royalty oil equivalent in value at the time such tax becomes due with the amount of tax paid.

The provisions of this subsection shall terminate on June 30, 2006.

B. Beginning on July 1, 2006, there is hereby levied, in addition to the gross production tax, an excise tax equal to eighty-five one thousandths of one percent (.085 of 1%) of the gross value on each and every barrel of petroleum oil produced in the State of Oklahoma which is subject to gross production tax in the State of Oklahoma. Such excise tax of eighty-five one thousandths of one percent (.085 of 1%) of the gross value shall be reported to and collected by the Tax Commission at the same time and in the same manner as is provided by law for the collection of gross production tax on petroleum oil. On petroleum oil sold at the time of production, the excise tax thereon shall be paid by the purchaser, who is hereby authorized to deduct in making settlement with the producer and/or royalty owner the amount of tax so paid; provided, that in the event oil on which such tax becomes due is not sold at the time of production, but is retained by the producer, the tax on such oil not so sold shall be paid by the producer, including the tax due on royalty oil not sold; and provided, further, that in settlement with royalty owner, such producer shall have the right to deduct the amount of tax so paid on royalty oil, or to deduct therefrom royalty oil equivalent in value at the time such tax becomes due with the amount of tax paid.

C. There shall be allowed a credit against the tax levied in subsection A of this section for amounts paid by a producer to meet requirements imposed by the United States Environmental Protection Agency or the Oklahoma Department of Environmental Quality with

respect to a qualifying refinery. As used in this section,  
"qualifying refinery" means an abandoned oil refinery located in  
this state which has been designated as a federal Superfund removal  
site. The amount of the credit shall be fifty percent (50%) of such  
amounts paid. If the tax is remitted to the Tax Commission by the  
first purchaser rather than the producer, the producer shall retain  
the amount of the credit as part of the purchase transaction and the  
first purchaser shall remit the tax, less the amount of the credit.  
The amount of all credits allowed pursuant to the provisions of this  
subsection shall not exceed One Million One Hundred Thousand Dollars  
(\$1,100,000.00) and in no event shall the credit be allowed after  
June 30, 2006.

SECTION 2. This act shall become effective July 1, 2002.

SECTION 3. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

48-2-1959

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