

STATE OF OKLAHOMA

1st Session of the 50th Legislature (2005)

HOUSE BILL 1359

By: Wilt

AS INTRODUCED

An Act relating to the Corporation Commission; amending 17 O.S. 2001, Section 354, as last amended by Section 1, Chapter 371, O.S.L. 2002 (17 O.S. Supp. 2004, Section 354), which relates to the underground storage tank exemption; exempting certain owners from certain assessments; providing for Underground Storage Tank Fee Exemption Certificates; providing for process for Fee Exemption Certificate; providing for applications; providing for issuance of certificate; specifying certain restrictions; prohibiting certain acts; specifying certain penalties; providing for codification; and providing an effective date.

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

SECTION 1. AMENDATORY 17 O.S. 2001, Section 354, as last amended by Section 1, Chapter 371, O.S.L. 2002 (17 O.S. Supp. 2004, Section 354), is amended to read as follows:

Section 354. A. Except as otherwise provided by this section, there shall be an assessment of one cent (\$0.01) per gallon upon the sale of each gallon of motor fuel, diesel fuel and blending materials used or consumed in this state. The assessment imposed pursuant to the provisions of this section shall be for the purposes of providing revenue to:

1. The Oklahoma Corporation Commission Revolving Fund pursuant to paragraph 1 of subsection C of this section;

2. The Petroleum Storage Tank Release Environmental Cleanup Indemnity Fund pursuant to paragraphs 2, 3 and 4 of subsection C of this section;

3. The State Transportation Fund pursuant to subparagraph c of paragraph 5 of subsection C of this section;

4. The Corporation Commission pursuant to subparagraph a of paragraph 5 of subsection C of this section;

5. The Environmental Trust Revolving Fund pursuant to subparagraph b of paragraph 5 of subsection C of this section; and

6. The Higher Education Facilities Revolving Fund pursuant to paragraphs 2 and 3 of subsection C of this section.

The assessment shall be imposed at the time of the sale of the motor fuel, diesel fuel and blending materials and shall be precollected and remitted to the Oklahoma Tax Commission in accordance with Section 500.1 et seq. of Title 68 of the Oklahoma Statutes and as provided by Section 355 of this title.

B. 1. Exempt from the assessment imposed pursuant to subsection A of this section are:

- a. the state government,
- b. the federal government,
- c. class I and class II railroads, ~~and~~
- d. sales for exportation outside of this state by a licensed exporter, and
- e. any person receiving an underground storage tank fee exemption pursuant to Section 2 of this act.

2. Exempt from the assessment imposed for purposes specified in paragraph 3 of subsection A of this section are sales of:

- a. motor fuel, diesel fuel and blending materials used solely and exclusively in district-owned or leased public school buses, FFA and 4-H club trucks for the purposes of legally transporting public school children, or in the operation of vehicles used in driver training,
- b. motor fuels, diesel fuels and blending materials used solely and exclusively to propel motor vehicles on the

public roads and highways of this state when leased or owned and being operated for the sole benefit of a county, city, town, volunteer fire department with a state certification and rating, rural electric cooperative, rural water and sewer district, rural ambulance service district, or federally recognized Indian tribe as specified by Section 500.10 of Title 68 of the Oklahoma Statutes,

- c. motor fuel, diesel fuel and blending materials to counties and cities and towns,
- d. diesel fuel for off-road purposes specified by Section 500.10 of Title 68 of the Oklahoma Statutes,
- e. motor fuel, diesel fuel and blending materials used for agricultural purposes specified by Section 500.10 of Title 68 of the Oklahoma Statutes, and
- f. motor fuel, diesel fuel and blending materials used in aircraft or in aircraft engines pursuant to Section 500.10 of Title 68 of the Oklahoma Statutes.

C. The assessment imposed by subsection A of this section shall be distributed in the following manner:

1. The first One Million Dollars (\$1,000,000.00) collected during each fiscal year shall be deposited into the Oklahoma Corporation Commission Revolving Fund created in Section 180.7 of this title;

2. From July 1, 2002, until June 30, 2004, fifty percent (50%) of all revenue from the assessment received over the amount required by paragraph 1 of this subsection shall be deposited in the Higher Education Facilities Revolving Fund and fifty percent (50%) of all revenue from the assessment received over the amount required by paragraph 1 of this subsection shall be deposited in the Petroleum Storage Tank Release Environmental Cleanup Indemnity Fund created in Section 353 of this title;

3. From July 1, 2004, until the total amount deposited since July 1, 2002, in the Higher Education Facilities Revolving Fund totals Thirty-eight Million Dollars (\$38,000,000.00) twenty-five percent (25%) of all revenue from the assessment received over the amount required by paragraph 1 of this subsection shall be deposited in the Higher Education Facilities Revolving Fund and seventy-five percent (75%) of all revenue from the assessment received over the amount required by paragraph 1 of this subsection shall be deposited in the Petroleum Storage Tank Release Environmental Cleanup Indemnity Fund created in Section 353 of this title;

4. After the total amount deposited in the Higher Education Facilities Revolving Fund totals Thirty-eight Million Dollars (\$38,000,000.00), any revenue from the assessment received over the amount required in paragraph 1 of this subsection, shall be deposited in the Petroleum Storage Tank Release Environmental Cleanup Indemnity Fund created in Section 353 of this title in amounts necessary to maintain the maintenance level of the Indemnity Fund pursuant to subsection D of this section; and

5. The balance of any revenue from the assessment remaining above the amount required in paragraphs 1 through 4 of this subsection shall be deposited as follows:

- a. the first One Million Dollars (\$1,000,000.00) collected during each fiscal year shall be deposited in the Corporation Commission Storage Tank Regulation Revolving Fund for the purpose of implementing the provisions of the Oklahoma Storage Tank Regulation Act and the rules promulgated thereunder,
- b. the second One Million Dollars (\$1,000,000.00) collected during each fiscal year shall be deposited in the Environmental Trust Revolving Fund created in Section 2-3-403 of Title 27A of the Oklahoma Statutes,

to be used solely for the cleanup of abandoned oil and gas processing and refining sites, and

- c. the balance of the monies collected during each fiscal year shall be deposited in the State Transportation Fund and shall be used solely for the purpose of matching Federal-Aid funds for the construction of highways and roads in this state.

D. 1. If at any time the Petroleum Storage Tank Release Environmental Cleanup Indemnity Fund falls below the required maintenance level on or before December 31, 2012, the Administrator shall notify the Tax Commission that the Indemnity Fund has fallen below the required maintenance level and that the assessment is to be deposited into the Indemnity Fund for at least three (3) calendar months pursuant to the provisions of paragraph 2 of this subsection.

2. At least fifteen (15) days prior to the calendar month in which the assessment is to be collected for credit to the Indemnity Fund, the Tax Commission, upon notification by the Administrator that the Indemnity Fund has fallen below the required maintenance level, shall notify the suppliers, licensed importers or other appropriate persons that the assessment is being imposed for purposes of maintaining the Indemnity Fund. The notice shall include a date certain upon which to begin collecting the assessment for credit to the Indemnity Fund and a date certain for ending the assessment for credit to the Indemnity Fund. Upon notice by the Tax Commission that the assessment imposed is for credit to the Indemnity Fund, the supplier, licensed importer or other appropriate person shall also assess, for the specified period required by the Tax Commission, the sales of:

- a. motor fuel, diesel fuel and blending materials used solely and exclusively in district-owned or leased public school buses, FFA and 4-H Club trucks for the purposes of legally transporting public school

children or in the operation of vehicles used in driver's training,

- b. motor fuels, diesel fuels and blending materials used solely and exclusively to propel motor vehicles on the public roads and highways of the state when leased or owned and being operated for the sole benefit of a county, city or town, volunteer fire department with a state certification and rating, rural electric cooperative, rural water and sewer district, rural ambulance service district, or federally recognized Indian tribe as specified by Section 500.10 of Title 68 of the Oklahoma Statutes,
- c. motor fuel, diesel fuel and blending materials to counties and cities and towns,
- d. diesel fuel for off-road purposes specified by Section 500.10 of Title 68 of the Oklahoma Statutes,
- e. motor fuel, diesel fuel and blending materials used for agricultural purposes specified by Section 500.10 of Title 68 of the Oklahoma Statutes, and
- f. motor fuel, diesel fuel and blending materials used in aircraft and aircraft engines pursuant to Section 500.10 of Title 68 of the Oklahoma Statutes.

3. After the collection period required by this subsection has expired, the revenue collected from the assessment shall be again deposited in the Corporation Commission Revolving Fund, the Environmental Trust Revolving Fund, and the State Transportation Fund as provided in subsection C of this section.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 354.1 of Title 17, unless there is created a duplication in numbering, reads as follows:

A. 1. Any owner may apply to the Corporation Commission for an Underground Storage Tank Fee Exemption Certificate. Applications shall be on forms provided by the Commission.

2. Each owner applying for a Fee Exemption Certificate must demonstrate that:

- a. the owner performs and passes a tank system precision tightness test, the results of which must be acceptable to the Commission,
- b. the owner performs a site check of the underground storage tank site in accordance with 40 CFR, Section 280.52(b) (1991), as amended, the results of which must be acceptable to the Commission,
- c. there has not been a release of petroleum that has not been remediated in accordance with the Oklahoma Storage Tank Regulations Act, and
- d. the owner has liability insurance coverage in effect for any act or omission related to the operation and maintenance of any underground storage tank owned or operated by the owner. The limit of liability coverage applicable with respect to any underground storage tank owned or operated by the owner may be a combined single limit in the amount of One Million Dollars (\$1,000,000.00).

B. Upon verification of the facts required by paragraph 2 of subsection A of this section, the Commission shall issue a Fee Exemption Certificate.

C. The Commission shall provide a copy of each Fee Exemption Certificate to the Oklahoma Tax Commission. The Oklahoma Tax Commission shall not require a fee or provide reimbursement under a Fee Exemption Certificate.

D. Any person who knowingly makes any false statement, representation or certification in, or omits material data from, any

application for a Fee Exemption Certificate issued pursuant to this section for the purpose of avoiding payment of the assessment pursuant to Section 354 of Title 17 of the Oklahoma Statutes with an Underground Storage Tank Fee Exemption Certificate shall, in addition to any other penalties provided by law, be subject to revocation of the certificate and a penalty of Five Thousand Dollars (\$5,000.00).

SECTION 3. This act shall become effective November 1, 2005.

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