

1 STATE OF OKLAHOMA

2 1st Session of the 54th Legislature (2013)

3 COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 HOUSE BILL NO. 1470

By: Murphey and Turner of the  
House

6 and

7 David of the Senate

8  
9 COMMITTEE SUBSTITUTE

10 An Act relating to state government; creating the  
11 Cost Reduction, Efficiency and Reform Act of 2013;  
12 placing the Commission on Marginally Producing Oil  
13 and Gas Wells under the authority of the Oklahoma  
14 Energy Resources Board; providing for transfer of  
15 property and other items; providing for transfer of  
16 personnel and related benefits; providing for  
17 transfer of monies; providing for contractual rights  
18 and responsibilities; providing for rules; amending  
19 52 O.S. 2011, Sections 703, 704 and 705, as amended  
20 by Section 220, Chapter 304, O.S.L. 2012 (52 O.S.  
21 Supp. 2012, Section 705), which relate to marginally  
22 producing oil and gas wells; changing the levying of  
23 certain fee to the Oklahoma Energy Resources Board;  
24 changing refund responsibilities to the Oklahoma  
Energy Resources Board; changing Commission on  
Marginally Producing Oil and Gas Wells Revolving Fund  
to the Oklahoma Energy Resources Board Revolving  
Fund; consolidating duties and functions of the  
Oklahoma Bioenergy Center and Board into the Oklahoma  
Energy Initiative and Board; transferring duties,  
obligations and funding to certain agency;  
authorizing promulgation of rules; repealing 52 O.S.  
2011, Sections 700, 701, 702, 706 and 707, which  
relate to the Commission on Marginally Producing Oil  
and Gas Wells; repealing 59 O.S. 2011, Section 1103,  
as amended by Section 1, Chapter 55, O.S.L. 2012 (59  
O.S. Supp. 2012, Section 1103), which relates to  
Waterworks and Wastewater Works Advisory Council;

1           repealing 74 O.S. 2011, Sections 5009.11, 5009.12,  
2           5009.13, 5009.14, 5009.15 and 5009.16, as amended by  
3           Section 1026, Chapter 304, O.S.L. 2012 (74 O.S. Supp.  
4           2012, Section 5009.16), which relate to the Oklahoma  
5           Bioenergy Center Act; providing for codification;  
6           providing for noncodification; providing for  
7           recodification; and providing an effective date.

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

9           SECTION 1.           NEW LAW           A new section of law not to be  
10           codified in the Oklahoma Statutes reads as follows:

11           This act shall be known and may be cited as the "Cost Reduction,  
12           Efficiency and Reform Act of 2013".

13           SECTION 2.           NEW LAW           A new section of law to be codified  
14           in the Oklahoma Statutes as Section 708 of Title 52, unless there is  
15           created a duplication in numbering, reads as follows:

16           A. On the effective date of this act, the Commission on  
17           Marginally Producing Oil and Gas Wells shall be placed under the  
18           authority of the Oklahoma Energy Resources Board. Except as  
19           otherwise provided for in this section, the transfer shall include  
20           all real property, buildings, furniture, equipment, supplies,  
21           records, personnel, assets, current and future liabilities, fund  
22           balances, encumbrances, obligations, and indebtedness associated  
23           with the Commission on Marginally Producing Oil and Gas Wells.

24           B. All employees of the Commission on Marginally Producing Oil  
            and Gas Wells on the effective date of this act, including related

1 liabilities for sick leave, annual leave, holidays, unemployment  
2 benefits, and workers' compensation benefits accruing prior to the  
3 effective date of this act to such personnel, shall be transferred  
4 to the Oklahoma Energy Resources Board as of the effective date of  
5 this act. It is the intent of the Legislature that, to the extent  
6 possible, the Oklahoma Energy Resources Board ensure that the  
7 employees retain pay and benefits, as much as possible, including  
8 longevity, dependent insurance benefits, seniority, rights, and  
9 other privileges or benefits.

10 C. Appropriate conveyances and other documents shall be  
11 executed to effectuate the transfer of property owned by the  
12 Commission on Marginally Producing Oil and Gas Wells to the Oklahoma  
13 Energy Resources Board.

14 D. Any monies donated or accruing to or in the name of the  
15 Commission on Marginally Producing Oil and Gas Wells after the  
16 effective date of this act shall be transferred to the Oklahoma  
17 Energy Resources Board. Any other monies from appropriations, fees,  
18 fines, penalties, or other similar types of monies that accrue in  
19 any funds or accounts after the effective date of this act in the  
20 name of the Commission on Marginally Producing Oil and Gas Wells or  
21 maintained for the benefit of the Commission on Marginally Producing  
22 Oil and Gas Wells are transferred to the Oklahoma Energy Resources  
23 Board.

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1 E. The Oklahoma Energy Resources Board shall succeed to any  
2 contractual rights and responsibilities incurred by the Commission  
3 on Marginally Producing Oil and Gas Wells.

4 F. The rules of the Commission on Marginally Producing Oil and  
5 Gas Wells that are in effect on the effective date of this act shall  
6 be enforceable by the Oklahoma Energy Resources Board until the  
7 Board establishes rules.

8 SECTION 3. AMENDATORY 52 O.S. 2011, Section 703, is  
9 amended to read as follows:

10 Section 703. A. To fund the activities of the ~~Commission on~~  
11 ~~Marginally Producing Oil and Gas Wells~~ Oklahoma Energy Resources  
12 Board, a fee shall be levied in the amount of thirty-five hundredths  
13 of one cent (\$0.0035) on each barrel of petroleum liquid and fifteen  
14 thousandths of one cent (\$0.00015) on each one thousand (1,000)  
15 cubic feet (Mcf) of natural gas, including casinghead gas, produced  
16 from each well in the State of Oklahoma except for oil and gas  
17 production exempt from the payment of gross production tax pursuant  
18 to Section 1001 of Title 68 of the Oklahoma Statutes.

19 B. The fee levied by subsection A of this section shall be  
20 deducted from the proceeds of production by the person remitting  
21 gross production tax to the Oklahoma Tax Commission pursuant to  
22 Section 1001 et seq. of Title 68 of the Oklahoma Statutes. The fee  
23 shall be remitted to the Tax Commission in the same manner as is  
24 provided by law for the payment of gross production tax. However,

1 the fee shall not be required to be paid until the accrued amount  
2 due from any person required to remit the fee reaches Twenty-five  
3 Dollars (\$25.00), except that any amount accrued for any calendar  
4 year shall be paid by January 31<sup>st</sup> of the following year. To defray  
5 the costs of receiving and depositing the fees levied by this  
6 section, the Tax Commission shall retain three percent (3%) of the  
7 fees received for deposit into the Oklahoma Tax Commission Revolving  
8 Fund created pursuant to Section 113 of Title 68 of the Oklahoma  
9 Statutes. The remaining monies received by the Tax Commission  
10 pursuant to this section shall be deposited in the ~~Commission on~~  
11 ~~Marginally Producing Oil and Gas Wells~~ Oklahoma Energy Resources  
12 Board Revolving Fund ~~created by Section 705 of this title.~~

13 C. The ~~Commission on Marginally Producing Oil and Gas Wells~~  
14 Oklahoma Energy Resources Board shall be responsible for taking  
15 appropriate and necessary actions to collect any fee which is not  
16 paid or is not properly paid. The Tax Commission shall not be  
17 responsible for collecting any fee not remitted to the Tax  
18 Commission for deposit into the ~~Commission on Marginally Producing~~  
19 ~~Oil and Gas Wells~~ Oklahoma Energy Resources Board Revolving Fund.  
20 The Tax Commission shall report to the ~~Commission on Marginally~~  
21 ~~Producing Oil and Gas Wells~~ Oklahoma Energy Resources Board any  
22 information it obtains regarding failure of any person to properly  
23 pay the fee due, including any documentation it may have of the  
24 failure.

1 D. The Tax Commission shall promulgate rules to establish  
2 procedures and forms necessary for the remittance of the fee levied  
3 by this section.

4 E. ~~The Commission on Marginally Producing Oil and Gas Wells~~  
5 Oklahoma Energy Resources Board shall be prohibited from utilizing  
6 any funds collected through the assessment authorized by this  
7 section for the purpose of influencing governmental action or  
8 policy, with the exception of recommending amendments to Section 700  
9 et seq. of this title. ~~The Commission~~ Board shall be authorized to  
10 respond to any request for information from the Governor, any  
11 members of the Legislature, any public official or state agency.

12 SECTION 4. AMENDATORY 52 O.S. 2011, Section 704, is  
13 amended to read as follows:

14 Section 704. A. Any person subject to the fee levied by  
15 Section ~~4~~ 703 of this ~~act~~ title may request a refund as provided in  
16 this section of the fee paid on production for the preceding  
17 calendar year. Upon compliance with the provisions of this section  
18 and rules promulgated by the ~~Commission on marginally producing oil~~  
19 ~~and gas wells~~ Oklahoma Energy Resources Board to implement this  
20 section, ~~the Commission~~ Board shall refund to each person requesting  
21 a refund the amount of the fee paid by or on behalf of such person  
22 during the preceding calendar year.

23 B. The request for a refund of the fee paid on production for  
24 the preceding calendar year must be made during the first three (3)

1 calendar months following the calendar year for which the refund is  
2 requested. Failure to request a refund during this period shall  
3 terminate the right of any person to receive a refund for the fee  
4 paid on production for the preceding calendar year. The ~~Commission~~  
5 Board shall give notice of the availability of the refund through  
6 press releases or such other means as it deems appropriate.

7 C. Each request for a refund shall be made in such manner and  
8 upon such forms as the ~~Commission~~ Board may require. Each person  
9 requesting a refund shall execute an affidavit stating the  
10 description of the producing property generating the production for  
11 which the refund is requested, the amount of the refund requested  
12 and that affiant was the owner of the production upon which the fee  
13 was levied. The ~~Commission~~ Board may require such other information  
14 and documentation reasonably necessary to verify the accuracy of the  
15 request for a refund.

16 SECTION 5. AMENDATORY 52 O.S. 2011, Section 705, as  
17 amended by Section 220, Chapter 304, O.S.L. 2012 (52 O.S. Supp.  
18 2012, Section 705), is amended to read as follows:

19 Section 705. There is hereby created in the State Treasury a  
20 revolving fund for the ~~Commission on Marginally Producing Oil and~~  
21 ~~Gas Wells~~ Oklahoma Energy Resources Board to be designated the  
22 "~~Commission on Marginally Producing Oil and Gas Wells~~ Oklahoma  
23 Energy Resources Board Revolving Fund". The fund shall be a  
24 continuing fund, not subject to fiscal year limitations, and shall

1 consist of monies collected from two-tenths of one cent (\$0.002) on  
2 each barrel of petroleum liquid and one-tenth of one cent (\$0.001)  
3 on each ten thousand (10,000) cubic feet of natural gas, including  
4 casinghead gas, produced from each well in the State of Oklahoma.  
5 All monies accruing to the credit of said fund are hereby  
6 appropriated and may be budgeted and expended by said ~~Commission~~  
7 Board for any and all necessary expenses for the operation of said  
8 ~~Commission~~ Board. Expenditures from said fund shall be made upon  
9 warrants issued by the State Treasurer against claims filed as  
10 prescribed by law with the Director of the Office of Management and  
11 Enterprise Services for approval and payment.

12 SECTION 6. NEW LAW A new section of law not to be  
13 codified in the Oklahoma Statutes reads as follows:

14 A. The provisions of this act shall consolidate the duties and  
15 functions of the Oklahoma Bioenergy Center and the Oklahoma  
16 Bioenergy Board, created pursuant to the Oklahoma Bioenergy Center  
17 Act which was enacted in 2007, into the Oklahoma Energy Initiative  
18 and the Oklahoma Energy Initiative Board.

19 B. Any outstanding contracts, financial obligations or income  
20 owed to the Oklahoma Bioenergy Center and the Oklahoma Bioenergy  
21 Center Board and funds remaining in the Oklahoma Bioenergy Center  
22 Revolving Fund, established pursuant to Section 5009.16 of Title 74  
23 of the Oklahoma Statutes, shall be transferred upon the effective  
24 date of this act to the Oklahoma Energy Initiative and the Oklahoma

1 Energy Initiative Board and all funds shall be deposited into the  
2 Oklahoma Energy Initiative Revolving Fund, created pursuant to  
3 Section 802.4 of Title 17 of the Oklahoma Statutes.

4 C. The Oklahoma Energy Initiative Board is authorized to  
5 promulgate any rules necessary to implement the provisions of this  
6 section.

7 SECTION 7. RECODIFICATION 52 O.S. 2011, Section 703, as  
8 amended by Section 3 of this act, shall be recodified as Section  
9 288.13 of Title 52 of the Oklahoma Statutes, unless there is created  
10 a duplication in numbering.

11 SECTION 8. RECODIFICATION 52 O.S. 2011, Section 704, as  
12 amended by Section 4 of this act, shall be recodified as Section  
13 288.14 of Title 52 of the Oklahoma Statutes, unless there is created  
14 a duplication in numbering.

15 SECTION 9. RECODIFICATION 52 O.S. 2011, Section 705, as  
16 last amended by Section 5 of this act, shall be recodified as  
17 Section 288.15 of Title 52 of the Oklahoma Statutes, unless there is  
18 created a duplication in numbering.

19 SECTION 10. REPEALER 52 O.S. 2011, Sections 700, 701,  
20 702, 706 and 707, are hereby repealed.

21 SECTION 11. REPEALER 59 O.S. 2011, Section 1103, as  
22 amended by Section 1, Chapter 55, O.S.L. 2012 (59 O.S. Supp. 2012,  
23 Section 1103), is hereby repealed.

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1 SECTION 12. REPEALER 74 O.S. 2011, Sections 5009.11,  
2 5009.12, 5009.13, 5009.14, 5009.15 and 5009.16, as amended by  
3 Section 1026, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2012, Section  
4 5009.16), are hereby repealed.

5 SECTION 13. This act shall become effective November 1, 2013.

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