

1 **SENATE FLOOR VERSION**

2 February 25, 2013

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 767

6 By: Marlatt of the Senate

7 and

8 Jackson of the House

9 An Act relating to marginal oil and gas wells;
10 transferring employees, duties, assets and
11 obligations of the Commission on Marginally Producing
12 Oil and Gas Wells to the Committee for Sustaining
13 Oklahoma's Energy Resources on certain date; stating
14 procedures; transferring authority for certain
15 functions; transferring monies in certain revolving
16 funds; authorizing rulemaking; providing for
17 assistance by the Secretary of Energy; amending 52
18 O.S. 2011, Sections 288.5A and 288.5B, as amended by
19 Section 214, Chapter 304, O.S.L. 2012 (52 O.S. Supp.
20 2012, Section 288.5B), which relate to the Sustaining
21 Oklahoma's Energy Resources Committee and Revolving
22 Fund; creation of advisory committee for certain
23 purposes; modifying duties of committee; modifying
24 purposes of fund; amending 52 O.S. 703, which relates
to levying fees for the Commission on Marginally
Producing Oil and Gas Wells; transferring fees to
certain Committee; modifying statutory references;
amending 52 O.S. 2011, Section 704, which relates to
fee refund procedures; transferring duty to refund
fees to certain Committee; repealing 52 O.S. 2011,
Sections 700, 701, 702, 705, as amended by Section
220, Chapter 304, O.S.L. 2012, 706 and 707 (52 O.S.
Supp. 2012, Section 705), which relate to the
Commission on Marginally Producing Oil and Gas Wells;
providing for codification; providing for
recodification; providing an effective date; and
declaring an emergency.

1
2 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

3 SECTION 1. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 288.5C of Title 52, unless there
5 is created a duplication in numbering, reads as follows:

6 A. Effective July 1, 2013, all employees, duties, assets and
7 obligations of the Commission on Marginally Producing Oil and Gas
8 Wells, created pursuant to the Section 700 et seq. of Title 52 of
9 the Oklahoma Statutes shall be transferred to the authority of the
10 Committee for Sustaining Oklahoma's Energy Resources, Section 288.5A
11 of Title 52 of the Oklahoma Statutes. Employees shall retain any
12 benefits, seniority status or other benefits as currently provided
13 by law.

14 B. Effective July 1, 2013, appointments of members to the
15 Commission on Marginally Producing Oil and Gas Wells, pursuant to
16 the provisions of Section 700 of Title 52 of the Oklahoma Statutes
17 shall be terminated.

18 C. Activities and functions previously performed by the
19 Commission shall be under the responsibility of the Committee for
20 Sustaining Oklahoma's Energy Resources, or a successor committee as
21 designated by the Oklahoma Energy Resources Board. The Committee
22 may organize itself, create subcommittees or adopt procedures as
23 they deem necessary and appropriate to implement the provisions of
24 this act and carry out the functions and duties of the former

1 Commission on Marginally Producing Oil and Gas Wells with the
2 exception of making annual reports as required by paragraph 7 of
3 subsection A of Section 701 of Title 52 of the Oklahoma Statutes.

4 D. Monies remaining in the Commission on Marginally Producing
5 Oil and Gas Wells Revolving Fund, Section 705 of Title 52 of the
6 Oklahoma Statutes shall be transferred to credit of the Sustaining
7 Oklahoma's Energy Resources Revolving Fund, Section 288.5B of Title
8 52 of the Oklahoma Statutes for use as provided by this act.

9 E. The Committee for Sustaining Oklahoma's Energy Resources is
10 authorized to promulgate any rules necessary to implement the
11 provisions of this act. The Secretary of Energy may provide
12 assistance as necessary to oversee the transfer of employees,
13 duties, assets and obligations pursuant to this act.

14 SECTION 2. AMENDATORY 52 O.S. 2011, Section 288.5A, is
15 amended to read as follows:

16 Section 288.5A. A. ~~In addition to the powers, duties and~~
17 ~~responsibilities assigned to the Oklahoma Energy Resources Board in~~
18 ~~Section 288.5 of Title 52 of the Oklahoma Statutes, the Board is~~
19 ~~authorized to administer the distribution of funds for research and~~
20 ~~development of new technologies in the oil and gas industry as~~
21 ~~provided in this act.~~

22 B. The Oklahoma Energy Resources Board shall create an ~~advisory~~
23 ~~committee~~ the Committee for Sustaining Oklahoma's Energy Resources
24 for the purpose of ~~receiving and recommending to the Board proposals~~

1 ~~for projects designed to encourage~~ encouraging new processes or
2 technological advancements to sustain the oil and natural gas
3 industry in the future for the benefit of the citizens of this state
4 and for advancing activities to support marginally producing oil and
5 gas wells.

6 C. B. The ~~Advisory~~ Committee for Sustaining Oklahoma's Energy
7 Resources may be made up of any number of members the Board deems
8 necessary and appropriate, and the Board shall select one member of
9 the Energy Resources Board to serve as the chair of the ~~advisory~~
10 ~~committee~~ Committee. Members of the ~~advisory committee~~ Committee
11 shall be appointed by the chair of the ~~advisory committee~~ Committee
12 and approved by a majority of the Board and shall include the
13 Secretary of Energy, or a designee, and one member, selected by the
14 Secretary of Energy, currently serving on the Oklahoma Energy
15 Initiative Board on behalf of the University of Oklahoma, Oklahoma
16 State University, University of Tulsa, or Oklahoma City University.
17 ~~Advisory committee~~ With the exception of the Secretary of Energy, or
18 his or her designee, and the Oklahoma Energy Initiative Board member
19 selected by the Secretary of Energy, Committee members shall serve
20 at the pleasure of the Board. The Board may establish terms of
21 office and any qualifications, requirements or conditions it deems
22 appropriate for members of the ~~advisory committee~~ Committee. The
23 Board shall strive to select representatives of all facets of the
24 oil and natural gas industry, and the University of Oklahoma,

1 Oklahoma State University ~~and~~, the University of Tulsa, and Oklahoma
2 City University, in addition to any other interested higher
3 education institutions and governmental entities charged with duties
4 and authority over relevant areas. No member of the ~~advisory~~
5 ~~committee~~ Committee shall receive a salary for duties performed as a
6 member of the ~~advisory committee~~ Committee; however, members may be
7 eligible to receive reimbursement for necessary and actual travel
8 expenses as provided for in the State Travel Reimbursement Act if
9 approved by the Board. Members appointed to serve on the ~~advisory~~
10 ~~committee~~ Committee shall be eligible to serve on any other state
11 board or commission if such member is otherwise qualified to hold
12 such appointed office, notwithstanding the provisions of Section 6
13 of Title 51 of the Oklahoma Statutes.

14 ~~D. C.~~ D. C. The ~~Board~~ Committee is authorized to accept
15 appropriations, donations, grants, contributions and gifts from any
16 public or private source for the purpose of implementing the
17 provisions of this act. The ~~Board~~ Committee shall deposit such
18 funds in the revolving fund created in Section ~~2 of this act~~ 288.5B
19 of this title.

20 ~~E. D.~~ E. D. The ~~Board~~ Committee is authorized to promulgate rules as
21 necessary to implement the provisions of this act.

22 SECTION 3. AMENDATORY 52 O.S. 2011, Section 288.5B, as
23 amended by Section 214, Chapter 304, O.S.L. 2012 (52 O.S. Supp.
24 2012, Section 288.5B), is amended to read as follows:

1 Section 288.5B. There is hereby created in the State Treasury a
2 revolving fund for the ~~Oklahoma Energy Resources Board~~ Committee for
3 Sustaining Oklahoma's Energy Resources to be designated the
4 "Sustaining Oklahoma's Energy Resources Revolving Fund". The fund
5 shall be a continuing fund, not subject to fiscal year limitations,
6 and shall consist of all monies transferred to the ~~Oklahoma Energy~~
7 ~~Resources Board~~ Committee for Sustaining Oklahoma's Energy Resources
8 to further the purposes of this act from any public appropriations
9 and donations, grants, contributions or gifts from any public or
10 private source. All monies accruing to the credit of the fund are
11 hereby appropriated and may be budgeted and expended by the ~~Oklahoma~~
12 ~~Energy Resources Board~~ Committee for Sustaining Oklahoma's Energy
13 Resources for the purpose of encouraging and funding research and
14 development of new technologies in the oil and natural gas industry
15 and funding activities to support marginally producing oil and gas
16 wells. Expenditures from the fund shall be made upon warrants
17 issued by the State Treasurer against claims filed as prescribed by
18 law with the Director of the Office of Management and Enterprise
19 Services for approval and payment.

20 SECTION 4. AMENDATORY 52 O.S. 2011, Section 703, is
21 amended to read as follows:

22 Section 703. A. To fund the activities of the ~~Commission on~~
23 ~~Marginally Producing Oil and Gas Wells~~ Committee for Sustaining
24 Oklahoma's Energy Resources for the purpose of encouraging and

1 funding research and development of new technologies in the oil and
2 natural gas industry and to support activities relating to
3 marginally producing oil and gas wells, a fee shall be levied in the
4 amount of thirty-five hundredths of one cent (\$0.0035) on each
5 barrel of petroleum liquid and fifteen thousandths of one cent
6 (\$0.00015) on each one thousand (1,000) cubic feet (Mcf) of natural
7 gas, including casinghead gas, produced from each well in the State
8 of Oklahoma except for oil and gas production exempt from the
9 payment of gross production tax pursuant to Section 1001 of Title 68
10 of the Oklahoma Statutes.

11 B. The fee levied by subsection A of this section shall be
12 deducted from the proceeds of production by the person remitting
13 gross production tax to the Oklahoma Tax Commission pursuant to
14 Section 1001 et seq. of Title 68 of the Oklahoma Statutes. The fee
15 shall be remitted to the Tax Commission in the same manner as is
16 provided by law for the payment of gross production tax. However,
17 the fee shall not be required to be paid until the accrued amount
18 due from any person required to remit the fee reaches Twenty-five
19 Dollars (\$25.00), except that any amount accrued for any calendar
20 year shall be paid by January 31st of the following year. To defray
21 the costs of receiving and depositing the fees levied by this
22 section, the Tax Commission shall retain three percent (3%) of the
23 fees received for deposit into the Oklahoma Tax Commission Revolving
24 Fund created pursuant to Section 113 of Title 68 of the Oklahoma

1 Statutes. The remaining monies received by the Tax Commission
2 pursuant to this section shall be deposited in the ~~Commission on~~
3 ~~Marginally Producing Oil and Gas Wells~~ Sustaining Oklahoma's Energy
4 Resources Revolving Fund created by Section 705 288.5B of this
5 title.

6 C. The ~~Commission on Marginally Producing Oil and Gas Wells~~
7 Committee for Sustaining Oklahoma's Energy Resources shall be
8 responsible for taking appropriate and necessary actions to collect
9 any fee which is not paid or is not properly paid. The Tax
10 Commission shall not be responsible for collecting any fee not
11 remitted to the Tax Commission for deposit into the ~~Commission on~~
12 ~~Marginally Producing Oil and Gas Wells~~ Sustaining Oklahoma's Energy
13 Resources Revolving Fund. The Tax Commission shall report to the
14 ~~Commission on Marginally Producing Oil and Gas Wells~~ Committee for
15 Sustaining Oklahoma's Energy Resources any information it obtains
16 regarding failure of any person to properly pay the fee due,
17 including any documentation it may have of the failure.

18 D. The Tax Commission shall promulgate rules to establish
19 procedures and forms necessary for the remittance of the fee levied
20 by this section.

21 E. The ~~Commission on Marginally Producing Oil and Gas Wells~~
22 Committee for Sustaining Oklahoma's Energy Resources or any
23 successor committee shall be prohibited from utilizing any funds
24 collected through the assessment authorized by this section for the

1 purpose of influencing governmental action or policy, with the
2 exception of recommending amendments to Section ~~700 et seq.~~ 288.1 et
3 seq. of this title. The ~~Commission~~ Committee shall be authorized to
4 respond to any request for information from the Governor, any
5 members of the Legislature, any public official or state agency.

6 SECTION 5. AMENDATORY 52 O.S. 2011, Section 704, is
7 amended to read as follows:

8 Section 704. A. Any person subject to the fee levied by
9 Section ~~4~~ 703 of this ~~act~~ title may request a refund as provided in
10 this section of the fee paid on production for the preceding
11 calendar year. Upon compliance with the provisions of this section
12 and rules promulgated by the ~~Commission on marginally producing oil~~
13 ~~and gas wells~~ Committee for Sustaining Oklahoma's Energy Resources
14 to implement this section, the ~~Commission~~ Committee shall refund to
15 each person requesting a refund the amount of the fee paid by or on
16 behalf of such person during the preceding calendar year.

17 B. The request for a refund of the fee paid on production for
18 the preceding calendar year must be made during the first three (3)
19 calendar months following the calendar year for which the refund is
20 requested. Failure to request a refund during this period shall
21 terminate the right of any person to receive a refund for the fee
22 paid on production for the preceding calendar year. The ~~Commission~~
23 Committee shall give notice of the availability of the refund
24 through press releases or such other means as it deems appropriate.

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

10 SECTION 6. REPEALER 52 O.S. 2011, Sections 700, 701,
11 702, 705, as amended by Section 220, Chapter 304, O.S.L. 2012, 706
12 and 707 (52 O.S. Supp. 2012, Section 705), are hereby repealed.

13 SECTION 7. RECODIFICATION 52 O.S. 2011, Sections 703 and
14 704, as amended by Sections 4 and 5 of this act, shall be recodified
15 as Sections 288.5D and 288.5E of Title 52 of the Oklahoma Statutes,
16 unless there is created a duplication in numbering.

17 SECTION 8. This act shall become effective July 1, 2013.

18 SECTION 9. It being immediately necessary for the preservation
19 of the public peace, health and safety, an emergency is hereby
20 declared to exist, by reason whereof this act shall take effect and
21 be in full force from and after its passage and approval.

22 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT
23 February 25, 2013 - DO PASS AS AMENDED
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