

**OKLAHOMA TAX COMMISSION**

**FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE**

**DATE OF IMPACT STATEMENT:** March 15, 2016

**BILL NUMBER:** HB 2774 **STATUS AND DATE OF BILL:** Engrossed 03/10/2016

**AUTHORS:** House McCall Senate Smalley

**TAX TYPE (S):** Gross Production **SUBJECT:** Other

**PROPOSAL:** Amendatory

Sections 1 & 2 of HB 2274 propose to amend 68 O.S. §§ 1003 and 1005 by modifying how certain information is reported to the Tax Commission for the collection and distribution of gross production tax. Section 3 proposes to repeal 68 O.S. § 1016.

**EFFECTIVE DATE:** Emergency – July 1, 2016

**REVENUE IMPACT:**

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 17: -0-  
FY 18: -0-

**ADMINISTRATIVE IMPACT:**

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 17: None

Mar. 15, 2016  
DATE

Rick Miller  
DIVISION DIRECTOR

mjh:mel

3-15-16  
DATE

Reece WOMACK  
REECE WOMACK, ECONOMIST

3/20/16  
DATE

Dan Cash  
FOR THE COMMISSION

## ATTACHMENT TO FISCAL IMPACT HB 2774-[Engrossed] Prepared 03/15/2016

Sections 1 & 2 of HB 2774 propose to amend 68 O.S. §§ 1003 and 1005 by modifying how certain information is reported to the Tax Commission for the collection and distribution of gross production tax. Section 3 proposes to repeal 68 O.S. § 1016.

### Section 1

Proposes to amend 68 O.S. § 1003, which provides for tax on oil recovered from unknown sources. Presently the Tax Commission collects, in addition to the gross production tax, 12 ½ percent of the gross value of all oil reported as recovered from streams, lakes, ponds, ravines and other natural depressions and 12 ½ percent of the gross value of all oil reported that does not disclose the actual source of oil. These proceeds are held in a depository account for twelve (12) months until the rightful royalty interest owner or owners provide proof of mineral ownership. The amendment would eliminate the requirement that the Tax Commission hold the proceeds for twelve (12) months, but would allow the royalty interest owners twelve (12) months to provide proof of mineral ownership and claim the proceeds.

### Section 2

Proposes to amend 68 O.S. § 1005(a) by deleting the mandate that companies report and by adding that *upon request* by the Tax Commission, every railroad company, pipeline or transportation company shall provide, upon forms prescribed by it, any and all information related to the transportation of crude oil or gas subject to gross production tax via the Gross Production Form 323A (transporter log). Currently Section 1005(a) requires that companies furnish this report. By implementing the amendment to Section 1005(a), transporters will no longer be required to file the Form 323A with the Tax Commission. The bill also proposes to remove obsolete language.

### Section 3

Proposes to repeal 68 O.S. § 1016, which relates to the distribution of proceeds to the General Revenue Fund at the expiration of six (6) months in cases where gross production tax is paid to the Tax Commission and the reports accompanying such tax are insufficient to enable the Tax Commission to determine the source of the oil, gas or casinghead gas upon which gross production tax is paid. The repeal of this section would eliminate the delay for the apportionment of these proceeds.

The proposed legislation is a request from the Tax Commission and there is no estimated fiscal or administrative impact.