

05/20/2014 09:10:35 PM

HOUSE OF REPRESENTATIVES  
CONFERENCE COMMITTEE REPORT

Mr. President:  
Mr. Speaker:

The Conference Committee, to which was referred

**HB2562**

By: Hickman of the House and Marlatt of the Senate

Title: Revenue and taxation; Gross Production Tax Technical Amendments Act of 2014;  
emergency.

Together with Engrossed Senate Amendments thereto, beg leave to report that we have had the same under consideration and herewith return the same with the following recommendations:

1. That the Senate recede from its amendment; and
2. That the attached Conference Committee Substitute be adopted.

Respectfully submitted,

House Action \_\_\_\_\_ Date \_\_\_\_\_ Senate Action \_\_\_\_\_ Date \_\_\_\_\_

HB2562 CCR (A)  
**HOUSE CONFEREES**

Armes, Don



Billy, Lisa J.

Brown, Mike

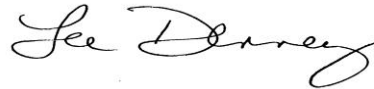
Christian, Mike



Coody, Ann

Cox, Doug

Denney, Lee



Dorman, Joe

Hoskin, Chuck

Kern, Sally



Martin, Scott



McCullough, Mark



McDaniel, Jeannie

McNiel, Skye

McPeak, Jerry

Morrisette, Richard

Nelson, Jason



Newell, Tom



Osborn, Leslie



Ownbey, Pat

Proctor, Eric

Ritze, Mike

Roberts, Sean



Sanders, Mike



Schwartz, Colby



Sears, Earl

Sherrer, Ben

Watson, Weldon



Wesselhoft, Paul



**SENATE CONFEREES**

Bass \_\_\_\_\_

Branan C. Branan

Brinkley Brinkley

Coates \_\_\_\_\_

Crain Crain

David David

Ellis \_\_\_\_\_

Fields Fields

Ford \_\_\_\_\_

Griffin Griffin

Halligan Halligan

Holt Holt

Ivester \_\_\_\_\_

C. Johnson \_\_\_\_\_

R. Johnson R. Johnson

Jolley Jolley

Justice Justice

Marlatt Marlatt

Mazzei \_\_\_\_\_

Newberry Newberry

Paddack \_\_\_\_\_

Standridge Standridge

Stanislawski \_\_\_\_\_

Sykes \_\_\_\_\_

Treat Treat

Wyrick Wyrick

House Action \_\_\_\_\_ Date \_\_\_\_\_ Senate Action \_\_\_\_\_ Date \_\_\_\_\_

**AUTHOR(s)/COAUTHOR(s) CURRENTLY IN THE QUEUE for HB2562**

**As of 5/20/2014 9:07:55 PM**

Add as coauthor Representative Wood

Add as coauthor Representative Cleveland

Add as coauthor Representative Roberts (Sean)

Remove as author Senator Marlatt and substitute with Senator Johnson (Rob)

Add as coauthor Senator Marlatt

Remove as coauthor Senator Fields

Add as coauthor Senator Shortey

STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

CONFERENCE COMMITTEE  
SUBSTITUTE  
FOR ENGROSSED  
HOUSE BILL NO. 2562

By: Hickman and Dank of the  
House

and

Marlatt, Branam and Fields  
of the Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to gross production tax; amending 68 O.S. 2011, Sections 1001, as amended by Section 1, Chapter 401, O.S.L. 2013 and 1001.3a (68 O.S. Supp. 2013, Section 1001), which relate to adjustments to tax rate; deleting obsolete language; providing expiration date for specific tax levies; providing for tax levy after specified date on certain production; extending expiration date for exemptions for production from certain enhanced recovery projects; providing expiration date for certain tax rate on production from horizontally drilled wells; extending expiration date for exemption related to production from certain inactive wells; extending expiration date for exemption related to production from certain production enhancement projects; modifying expiration dates for exemptions related to production from wells of specified depths; modifying expiration date; extending expiration date for exemption related to production from certain new discovery wells; extending expiration date for exemption related to production from wells drilled with three-dimensional seismic technology; clarifying manner in which tax incentive is applied; modifying expiration date of certain exemption; providing for application of certain tax rate for production from

1 wells drilled with three-dimensional seismic  
2 technology; modifying time period during which  
3 certain refund procedures apply; providing refund  
4 procedures for certain production after a specified  
5 date; providing limitations on manner in which  
6 certain refunds may be claimed during specified time  
7 periods; providing for manner of payment of certain  
8 refund claims if funds are insufficient; limiting  
9 ability to claim or pay refunds for production prior  
10 to specified date; deleting references; modifying  
11 time period during which certain exemptions may be  
12 claimed; limiting application of exemptions at  
13 specified tax rate; providing exception; limiting  
14 ability to claim refund for certain time period;  
15 amending 68 O.S. 2011, Section 1004, as last amended  
16 by Section 1, Chapter 205, O.S.L. 2012 (68 O.S. Supp.  
17 2013, Section 1004), which relates to apportionment  
18 of gross production taxes; providing for  
19 apportionment of monies collected at a tax rate of  
20 two percent; providing an effective date; and  
21 declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 1001, as amended by Section 1, Chapter 401, O.S.L. 2013 (68 O.S. Supp. 2013, Section 1001), is amended to read as follows:

Section 1001. A. There is hereby levied upon the production of asphalt, ores bearing lead, zinc, jack and copper a tax equal to three-fourths of one percent (3/4 of 1%) on the gross value thereof.

B. 1. ~~Effective January 1, 1999, through June 30, 2013, except as otherwise exempted pursuant to subsections D, E, F, G, H, I and J of this section, there is hereby levied upon the production of oil a tax as set forth in this subsection on the gross value of the~~

1 ~~production of oil based on a per barrel measurement of forty-two~~  
2 ~~(42) U.S. gallons of two hundred thirty-one (231) cubic inches per~~  
3 ~~gallon, computed at a temperature of sixty (60) degrees Fahrenheit.~~  
4 ~~If the average price of Oklahoma oil as determined by the Oklahoma~~  
5 ~~Tax Commission pursuant to the provisions of paragraph 3 of this~~  
6 ~~subsection equals or exceeds Seventeen Dollars (\$17.00) per barrel,~~  
7 ~~then the tax shall be seven percent (7%). If the average price of~~  
8 ~~Oklahoma oil as determined by the Tax Commission pursuant to~~  
9 ~~paragraph 3 of this subsection is less than Seventeen Dollars~~  
10 ~~(\$17.00) but is equal to or exceeds Fourteen Dollars (\$14.00) per~~  
11 ~~barrel, then the tax shall be four percent (4%). If the average~~  
12 ~~price of Oklahoma oil as determined by the Tax Commission pursuant~~  
13 ~~to paragraph 3 of this subsection is less than Fourteen Dollars~~  
14 ~~(\$14.00) per barrel, then the tax shall be one percent (1%).~~

15       2. ~~Effective July 1, 2013, through June 30, 2015,~~ except as  
16 otherwise exempted pursuant to subsections D, E, F, G, H, I and J of  
17 this section, there shall be levied upon the production of oil a tax  
18 equal to seven percent (7%) of the gross value of the production of  
19 oil based on a per barrel measurement of forty-two (42) U.S. gallons  
20 of two hundred thirty-one (231) cubic inches per gallon, computed at  
21 a temperature of sixty (60) degrees Fahrenheit.

22       3. ~~Effective January 1, 1999, through June 30, 2013, the~~  
23 ~~average price of Oklahoma oil for purposes of this section shall be~~  
24 ~~computed by the Tax Commission based on the total value of oil~~

1 ~~reported each month that is subject to the tax levied under this~~  
2 ~~section. At the first of each month, the Tax Commission shall~~  
3 ~~compute the average price paid per barrel of oil reported on the~~  
4 ~~monthly tax report for the most current production month on file.~~  
5 ~~The average price as computed by the Tax Commission shall be used to~~  
6 ~~determine the applicable tax rate for the third month following~~  
7 ~~production. Effective July 1, 2002, through June 30, 2013, the~~  
8 ~~average price of gas for purposes of this section shall be computed~~  
9 ~~by the Tax Commission based on the total value of gas reported each~~  
10 ~~month that is subject to the tax levied by this section. At the~~  
11 ~~first of each month, the Tax Commission shall compute the average~~  
12 ~~price paid per thousand cubic feet (mcf) of gas as reported on the~~  
13 ~~monthly tax report for the most current production month on file.~~  
14 ~~The average price as computed by the Tax Commission shall be used to~~  
15 ~~determine the applicable tax rate for the third month following~~  
16 ~~production.~~

17 ~~4. Effective July 1, 2002, through June 30, 2013, except as~~  
18 ~~otherwise exempted pursuant to subsections D, E, F, G, H, I and J of~~  
19 ~~this section, there is hereby levied upon the production of gas a~~  
20 ~~tax as set forth in this subsection on the gross value of the~~  
21 ~~production of gas. If the average price of gas as determined by the~~  
22 ~~Tax Commission pursuant to the provisions of paragraph 3 of this~~  
23 ~~subsection equals or exceeds Two Dollars and ten cents (\$2.10) per~~  
24 ~~thousand cubic feet (mcf), then the tax shall be seven percent (7%).~~



~~If the average price of gas as determined by the Tax Commission pursuant to the provisions of paragraph 3 of this subsection is less than Two Dollars and ten cents (\$2.10) per thousand cubic feet (mcf) but is equal to or exceeds One Dollar and seventy-five cents (\$1.75) per thousand cubic feet (mcf), then the tax shall be four percent (4%). If the average price of gas as determined by the Tax Commission pursuant to the provisions of paragraph 3 of this subsection is less than One Dollar and seventy-five cents (\$1.75) per thousand cubic feet (mcf), then the tax shall be one percent (1%).~~

~~5.~~ 2. Effective July 1, 2013, through June 30, 2015, except as otherwise exempted pursuant to subsections D, E, F, G, H, I and J of this section, there shall be levied a tax equal to seven percent (7%) of the gross value of the production of gas.

3. Effective July 1, 2015, except as otherwise provided in this section, there shall be levied a tax on the gross value of the production of oil and gas as follows:

a. upon the production of oil a tax equal to seven percent (7%) of the gross value of the production of oil based on a per barrel measurement of forty-two (42) U.S. gallons of two hundred thirty-one (231) cubic inches per gallon, computed at a temperature of sixty (60) degrees Fahrenheit,

1        b. upon the production of gas a tax equal to seven  
2        percent (7%) of the gross value of the production of  
3        gas, and

4        c. notwithstanding the levies in subparagraphs a and b of  
5        this paragraph, the production of oil, gas, or oil and  
6        gas from wells spudded on or after July 1, 2015, shall  
7        be taxed at a rate of two percent (2%) commencing with  
8        the month of first production for a period of thirty-  
9        six (36) months. Thereafter, the production shall be  
10       taxed as provided in subparagraphs a and b of this  
11       paragraph.

12       C. The taxes hereby levied shall also attach to, and are levied  
13 on, what is known as the royalty interest, and the amount of such  
14 tax shall be a lien on such interest.

15       D. 1. ~~Except as otherwise provided in this section, any~~  
16 ~~incremental production attributable to the working interest owners~~  
17 ~~which results from an enhanced recovery project shall be exempt from~~  
18 ~~the gross production tax levied pursuant to this section from the~~  
19 ~~project beginning date until project payback is achieved for new~~  
20 ~~enhanced recovery projects or until project payback is achieved but~~  
21 ~~not to exceed a period of thirty six (36) months for tertiary~~  
22 ~~enhanced recovery projects existing on July 1, 1988. This exemption~~  
23 ~~shall take effect July 1, 1988, and shall apply to enhanced recovery~~  
24 ~~projects approved or having a project beginning date prior to July~~

1 ~~1, 1993. Project payback pursuant to this paragraph for enhanced~~  
2 ~~recovery projects qualifying for this exemption on or after July 1,~~  
3 ~~1990, and on or before June 30, 1993, shall be determined by~~  
4 ~~appropriate payback indicators which will not include any expenses~~  
5 ~~beyond the completion date of the well. Project payback pursuant to~~  
6 ~~this paragraph for enhanced recovery projects qualifying for this~~  
7 ~~exemption on or after October 17, 1987, and on or before June 30,~~  
8 ~~1990, shall be determined by appropriate payback indicators as~~  
9 ~~previously established and allowed by the Tax Commission for~~  
10 ~~projects qualifying during such period.~~

11 ~~2. Except as otherwise provided in this section, for secondary~~  
12 ~~recovery projects approved and having a project beginning date on or~~  
13 ~~after July 1, 1993, and before July 1, 2000, any incremental~~  
14 ~~production attributable to the working interest owners which results~~  
15 ~~from such secondary recovery projects shall be exempt from the gross~~  
16 ~~production tax levied pursuant to this section from the project~~  
17 ~~beginning date until project payback is achieved but not to exceed a~~  
18 ~~period of ten (10) years. Project payback pursuant to this~~  
19 ~~paragraph shall be determined by appropriate payback indicators~~  
20 ~~which will provide for the recovery of capital expenses and fifty~~  
21 ~~percent (50%) of operating expenses, in determining project payback.~~

22 ~~3. Except as otherwise provided in this section, for secondary~~  
23 ~~recovery projects approved or having an initial project beginning~~  
24 ~~date on or after July 1, 2000, and before July 1, 2014~~ July 1, 2020,

1 any incremental production attributable to the working interest  
2 owners which results from such secondary recovery projects shall be  
3 exempt from the gross production tax levied pursuant to this section  
4 for a period not to exceed five (5) years from the initial project  
5 beginning date or for a period ending upon the termination of the  
6 secondary recovery process, whichever occurs first.

7     4. 2. Except as otherwise provided in this section, for  
8 tertiary recovery projects approved and having a project beginning  
9 date on or after July 1, 1993, and before ~~July 1, 2014~~ July 1, 2020,  
10 any incremental production attributable to the working interest  
11 owners which results from such tertiary recovery projects shall be  
12 exempt from the gross production tax levied pursuant to this section  
13 from the project beginning date until project payback is achieved,  
14 but not to exceed a period of ten (10) years. Project payback  
15 pursuant to this paragraph shall be determined by appropriate  
16 payback indicators which will provide for the recovery of capital  
17 expenses and operating expenses, excluding administrative expenses,  
18 in determining project payback. The capital expenses of pipelines  
19 constructed to transport carbon dioxide to a tertiary recovery  
20 project shall not be included in determining project payback  
21 pursuant to this paragraph.

22     5. 3. The provisions of this subsection shall also not apply to  
23 any enhanced recovery project using fresh water as the primary  
24 injectant, except when using steam.

~~6.~~ 4. For purposes of this subsection:

- a. "incremental production" means the amount of crude oil or other liquid hydrocarbons which is produced during an enhanced recovery project and which is in excess of the base production amount of crude oil or other liquid hydrocarbons. The base production amount shall be the average monthly amount of production for the twelve-month period immediately prior to the project beginning date minus the monthly rate of production decline for the project for each month beginning one hundred eighty (180) days prior to the project beginning date. The monthly rate of production decline shall be equal to the average extrapolated monthly decline rate for the twelve-month period immediately prior to the project beginning date as determined by the Corporation Commission based on the production history of the field, its current status, and sound reservoir engineering principles, and
- b. "project beginning date" means the date on which the injection of liquids, gases, or other matter begins on an enhanced recovery project.

~~7.~~ 5. The Corporation Commission shall promulgate rules for the qualification for this exemption which shall include, but not be limited to, procedures for determining incremental production as

1 defined in subparagraph a of paragraph ~~6~~ 4 of this subsection, and  
2 the establishment of appropriate payback indicators as approved by  
3 the Tax Commission for the determination of project payback for each  
4 of the exemptions authorized by this subsection.

5 ~~8.~~ 6. For new secondary recovery projects and tertiary recovery  
6 projects approved by the Corporation Commission on or after July 1,  
7 1993, and before ~~July 1, 2014~~ July 1, 2020, such approval shall  
8 constitute qualification for an exemption.

9 ~~9.~~ 7. Any person seeking an exemption shall file an application  
10 for such exemption with the Tax Commission which, upon determination  
11 of qualification by the Corporation Commission, shall approve the  
12 application for such exemption.

13 ~~10.~~ 8. The Tax Commission may require any person requesting  
14 such exemption to furnish information or records concerning the  
15 exemption as is deemed necessary by the Tax Commission.

16 ~~11.~~ 9. Upon the expiration of the exemption granted pursuant to  
17 this subsection, the Tax Commission shall collect the gross  
18 production tax levied pursuant to this section.

19 E. 1. Except as otherwise provided in this section, the  
20 production of oil, gas or oil and gas from a horizontally drilled  
21 well producing prior to July 1, 2011, which production commenced  
22 after July 1, 2002, shall be exempt from the gross production tax  
23 levied pursuant to subsection B of this section from the project  
24 beginning date until project payback is achieved but not to exceed a

1 period of forty-eight (48) months commencing with the month of  
2 initial production from the horizontally drilled well. For purposes  
3 of subsection D of this section and this subsection, project payback  
4 shall be determined as of the date of the completion of the well and  
5 shall not include any expenses beyond the completion date of the  
6 well, and subject to the approval of the Tax Commission.

7 2. Claims for refund for the production periods within the  
8 fiscal years ending June 30, 2010, and June 30, 2011, shall be filed  
9 and received by the Tax Commission no later than December 31, 2011.

10 3. For production commenced on or after July 1, 2011, and prior  
11 to July 1, 2015, the tax levied pursuant to the provisions of this  
12 section on the production of oil, gas or oil and gas from a  
13 horizontally drilled well shall be reduced to a rate of one percent  
14 (1%) for a period of forty-eight (48) months from the month of  
15 initial production. The taxes collected from the production of oil  
16 shall be apportioned pursuant to the provisions of paragraph 7 8 of  
17 subsection A of Section 1004 of this title. The taxes collected  
18 from the production of gas shall be apportioned pursuant to the  
19 provisions of paragraph 4 of subsection A of Section 1004 of this  
20 title.

21 4. ~~The provisions of this paragraph shall only apply to wells~~  
22 ~~qualifying for the exemption provided under this subsection prior to~~  
23 ~~July 1, 2011. The production of oil, gas or oil and gas on or after~~  
24 ~~July 1, 2011, and prior to July 1, 2015, from these qualifying wells~~

1 shall be taxed at a rate of one percent (1%) until the expiration of  
2 forty-eight (48) months commencing with the month of initial  
3 production.

4 5. As used in this subsection, "horizontally drilled well"  
5 shall mean an oil, gas or oil and gas well drilled or recompleted in  
6 a manner which encounters and subsequently produces from a  
7 geological formation at an angle in excess of seventy (70) degrees  
8 from vertical and which laterally penetrates a minimum of one  
9 hundred fifty (150) feet into the pay zone of the formation.

10 F. 1. Except as otherwise provided by this section, the  
11 severance or production of oil, gas or oil and gas from an inactive  
12 well shall be exempt from the gross production tax levied pursuant  
13 to subsection B of this section for a period of twenty-eight (28)  
14 months from the date upon which production is reestablished. This  
15 exemption shall take effect July 1, 1994, and shall apply to wells  
16 for which work to reestablish or enhance production began on or  
17 after July 1, 1994, and for which production is reestablished prior  
18 to ~~July 1, 2014~~ July 1, 2020. For all such production, a refund  
19 against gross production taxes shall be issued as provided in  
20 subsection L of this section.

21 2. As used in this subsection, for wells for which production  
22 is reestablished prior to July 1, 1997, "inactive well" means any  
23 well that has not produced oil, gas or oil and gas for a period of  
24 not less than two (2) years as evidenced by the appropriate forms on



1 file with the Corporation Commission reflecting the well's status.  
2 As used in this subsection, for wells for which production is  
3 reestablished on or after July 1, 1997, and prior to ~~July 1, 2014~~  
4 July 1, 2020, "inactive well" means any well that has not produced  
5 oil, gas or oil and gas for a period of not less than one (1) year  
6 as evidenced by the appropriate forms on file with the Corporation  
7 Commission reflecting the well's status. Wells which experience  
8 mechanical failure or loss of mechanical integrity, as defined by  
9 the Corporation Commission, including but not limited to, casing  
10 leaks, collapse of casing or loss of equipment in a wellbore, or any  
11 similar event which causes cessation of production, shall also be  
12 considered inactive wells.

13 G. 1. Except as otherwise provided by this section, any  
14 incremental production which results from a production enhancement  
15 project shall be exempt from the gross production tax levied  
16 pursuant to subsection B of this section for a period of twenty-  
17 eight (28) months from the date of first sale after project  
18 completion of the production enhancement project. This exemption  
19 shall take effect July 1, 1994, and shall apply to production  
20 enhancement projects having a project beginning date on or after  
21 July 1, 1994, and prior to ~~July 1, 2014~~ July 1, 2020. For all such  
22 production, a refund against gross production taxes shall be issued  
23 as provided in subsection L of this section.

24 2. As used in this subsection:

- 1           a.   ~~(1) for production enhancement projects having a~~  
2                   ~~project beginning date prior to July 1, 1997,~~  
3                   ~~"production enhancement project" means any~~  
4                   ~~workover as defined in this paragraph,~~  
5                   ~~recompletion as defined in this paragraph, or~~  
6                   ~~fracturing of a producing well, and~~  
7           ~~(2)~~ for production enhancement projects having a  
8                   project beginning date on or after July 1, 1997,  
9                   and prior to ~~July 1, 2014~~ July 1, 2020,  
10                  "production enhancement project" means any  
11                   workover as defined in this paragraph,  
12                   recompletion as defined in this paragraph,  
13                   reentry of plugged and abandoned wellbores, or  
14                   addition of a well or field compression,  
15           b.    "incremental production" means the amount of crude  
16                   oil, natural gas or other hydrocarbons which are  
17                   produced as a result of the production enhancement  
18                   project in excess of the base production,  
19           c.    "base production" means the average monthly amount of  
20                   production for the twelve-month period immediately  
21                   prior to the commencement of the project or the  
22                   average monthly amount of production for the twelve-  
23                   month period immediately prior to the commencement of  
24                   the project less the monthly rate of production

1 decline for the project for each month beginning one  
2 hundred eighty (180) days prior to the commencement of  
3 the project. The monthly rate of production decline  
4 shall be equal to the average extrapolated monthly  
5 decline rate for the twelve-month period immediately  
6 prior to the commencement of the project based on the  
7 production history of the well. If the well or wells  
8 covered in the application had production for less  
9 than the full twelve-month period prior to the filing  
10 of the application for the production enhancement  
11 project, the base production shall be the average  
12 monthly production for the months during that period  
13 that the well or wells produced,

- 14 d. ~~(1) for production enhancement projects having a~~  
15 ~~project beginning date prior to July 1, 1997,~~  
16 ~~"recompletion" means any downhole operation in an~~  
17 ~~existing oil or gas well that is conducted to~~  
18 ~~establish production of oil or gas from any~~  
19 ~~geological interval not currently completed or~~  
20 ~~producing in such existing oil or gas well, and~~  
21 ~~(2) for production enhancement projects having a~~  
22 ~~project beginning date on or after July 1, 1997,~~  
23 ~~and prior to July 1, 2014~~ July 1, 2020,  
24 "recompletion" means any downhole operation in an

existing oil or gas well that is conducted to establish production of oil or gas from any geologic interval not currently completed or producing in such existing oil or gas well within the same or a different geologic formation, and

e. "workover" means any downhole operation in an existing oil or gas well that is designed to sustain, restore or increase the production rate or ultimate recovery in a geologic interval currently completed or producing in the existing oil or gas well. ~~For production enhancement projects having a project beginning date prior to July 1, 1997, "workover" includes, but is not limited to, acidizing, reperforating, fracture treating, sand/paraffin removal, casing repair, squeeze cementing, or setting bridge plugs to isolate water productive zones from oil or gas productive zones, or any combination thereof.~~ For production enhancement projects having a project beginning date on or after July 1, 1997, and prior to ~~July 1, 2014~~ July 1, 2020, "workover" includes, but is not limited to:

- (1) acidizing,
- (2) reperforating,
- (3) fracture treating,

- 1 (4) sand/paraffin/scale removal or other wellbore  
2 cleanouts,  
3 (5) casing repair,  
4 (6) squeeze cementing,  
5 (7) installation of compression on a well or group of  
6 wells or initial installation of artificial lifts  
7 on gas wells, including plunger lifts, rod pumps,  
8 submersible pumps and coiled tubing velocity  
9 strings,  
10 (8) downsizing existing tubing to reduce well  
11 loading,  
12 (9) downhole commingling,  
13 (10) bacteria treatments,  
14 (11) upgrading the size of pumping unit equipment,  
15 (12) setting bridge plugs to isolate water production  
16 zones, or  
17 (13) any combination thereof.

18 "Workover" shall not mean the routine maintenance,  
19 routine repair, or like for like replacement of  
20 downhole equipment such as rods, pumps, tubing,  
21 packers, or other mechanical devices.

22 H. 1. For purposes of this subsection, "depth" means the  
23 length of the maximum continuous string of drill pipe utilized  
24 between the drill bit face and the drilling rig's kelly bushing.

1        2. Except as otherwise provided in subsection K of this  
2 section:

- 3            a. the production of oil, gas or oil and gas from wells  
4                spudded between July 1, 1997, and July 1, 2005, and  
5                drilled to a depth of twelve thousand five hundred  
6                (12,500) feet or greater and wells spudded between  
7                July 1, 2005, and ~~July 1, 2014~~ July 1, 2015, and  
8                drilled to a depth between twelve thousand five  
9                hundred (12,500) feet and fourteen thousand nine  
10               hundred ninety-nine (14,999) feet shall be exempt from  
11               the gross production tax levied pursuant to subsection  
12               B of this section from the date of first sales for a  
13               period of twenty-eight (28) months~~7,~~  
14            b. the production of oil, gas or oil and gas from wells  
15                spudded between July 1, 2002, and July 1, 2005, and  
16                drilled to a depth of fifteen thousand (15,000) feet  
17                or greater and wells spudded between July 1, 2005, and  
18                July 1, 2011, and drilled to a depth between fifteen  
19                thousand (15,000) feet and seventeen thousand four  
20                hundred ninety-nine (17,499) feet shall be exempt from  
21                the gross production tax levied pursuant to subsection  
22                B of this section from the date of first sales for a  
23                period of forty-eight (48) months;  
24

1 c. the production of oil, gas or oil and gas from wells  
2 spudded between July 1, 2002, and July 1, 2011, and  
3 drilled to a depth of seventeen thousand five hundred  
4 (17,500) feet or greater shall be exempt from the  
5 gross production tax levied pursuant to subsection B  
6 of this section from the date of first sales for a  
7 period of sixty (60) months;

8 d. the tax levied pursuant to the provisions of this  
9 section on the production of oil, gas or oil and gas  
10 from wells spudded between July 1, 2011, and July 1,  
11 2015, and drilled to a depth between fifteen thousand  
12 (15,000) feet and seventeen thousand four hundred  
13 ninety-nine (17,499) feet shall be reduced to a rate  
14 of four percent (4%) for a period of forty-eight (48)  
15 months from the date of first sales. The taxes  
16 collected from the production of oil shall be  
17 apportioned pursuant to the provisions of paragraph ~~6~~  
18 7 of subsection A of Section 1004 of this title. The  
19 taxes collected from the production of gas shall be  
20 apportioned pursuant to the provisions of paragraph 3  
21 of subsection A of Section 1004 of this title~~+~~.

22 e. the tax levied pursuant to the provisions of this  
23 section on the production of oil, gas or oil and gas  
24 from wells spudded between July 1, 2011, and July 1,

2015, and drilled to a depth of seventeen thousand five hundred (17,500) feet or greater shall be reduced to a rate of four percent (4%) for a period of sixty (60) months from the date of first sales. The taxes collected from the production of oil shall be apportioned pursuant to the provisions of paragraph ~~6~~ 7 of subsection A of Section 1004 of this title. The taxes collected from the production of gas shall be apportioned pursuant to the provisions of paragraph 3 of subsection A of Section 1004 of this title~~+~~1 and

f. the provisions of subparagraphs b and c of this paragraph shall only apply to the production of wells qualifying for the exemption provided under these subparagraphs prior to July 1, 2011. The production of oil, gas or oil and gas on or after July 1, 2011, and before July 1, 2015, from wells qualifying under subparagraph b of this paragraph shall be taxed at a rate of four percent (4%) until the expiration of forty-eight (48) months from the date of first sales and the production of oil, gas or oil and gas on or after July 1, 2011, and before July 1, 2015, from wells qualifying under subparagraph c of this paragraph shall be taxed at a rate of four percent



1 (4%) until the expiration of sixty (60) months from  
2 the date of first sales.

3 3. Except as otherwise provided for in this subsection, for all  
4 such wells spudded, a refund against gross production taxes shall be  
5 issued as provided in subsection L of this section.

6 ~~4. For all wells spudded after July 1, 2005, and which are~~  
7 ~~exempt from gross production tax pursuant to subparagraphs b and c~~  
8 ~~of paragraph 2 of this subsection, the amount of refunds paid by the~~  
9 ~~Tax Commission shall be limited as follows:~~

10 a. ~~for the fiscal year ending June 30, 2006, no claims~~  
11 ~~for refunds shall be paid,~~

12 b. ~~for the fiscal year ending June 30, 2007, the total~~  
13 ~~amount of refunds paid shall be equal to or less than~~  
14 ~~Seventeen Million Dollars (\$17,000,000.00),~~

15 c. ~~for the fiscal year ending June 30, 2008, the total~~  
16 ~~amount of refunds paid shall be equal to or less than~~  
17 ~~Twenty Million Dollars (\$20,000,000.00), and~~

18 d. ~~for the fiscal years ending June 30, 2009, through~~  
19 ~~June 30, 2011, the total amount of refunds paid each~~  
20 ~~fiscal year shall be equal to or less than Twenty-five~~  
21 ~~Million Dollars (\$25,000,000.00).~~

22 ~~5. Except as otherwise provided for in paragraph 7 of this~~  
23 ~~subsection and paragraph 2 of subsection L of this section, for the~~  
24 ~~fiscal years ending on or before June 30, 2011, in order to qualify~~

~~for a refund of gross production tax on wells which are exempt pursuant to subparagraphs b and c of paragraph 2 of this subsection, claims for refunds shall be filed within six (6) months after the first day of the fiscal year in which the refund is first available pursuant to subsection L of this section. When processing applications for qualification for an exemption as provided for in paragraph 2 of subsection M of this section, the Corporation Commission shall give priority to those applications filed for an exemption pursuant to subparagraphs b and c of paragraph 2 of this subsection in order for applicants to comply with the six-month filing period as provided for in this paragraph.~~

~~6. If the total amount of claims for refunds made during any fiscal year are greater than the total amount of refunds allowed for that fiscal year as provided for in paragraph 4 of this subsection, the Tax Commission shall proportionately reduce the amount of each claim so that the total amount of claims equal the total amount allowed for refunds.~~

~~7. If the total amount of claims for a refund filed within the six-month filing period for a fiscal year is less than the total amount of refunds allowed for that fiscal year as provided for in paragraph 4 of this subsection, the Tax Commission shall pay the claims that have been filed. Then for any remaining funds, the Tax Commission shall extend the claims-filing period for three (3) months and shall pay any claims filed during the extended filing~~

1 ~~period up to the total amount of remaining funds. If the amount of~~  
2 ~~claims for refunds filed during the extended filing period is~~  
3 ~~greater than the total amount of remaining funds, the Tax Commission~~  
4 ~~shall proportionately reduce the amount of each claim as provided~~  
5 ~~for in paragraph 6 of this subsection.~~

6 I. ~~1.~~ Except as otherwise provided by this section, the  
7 production of oil, gas or oil and gas from wells spudded or  
8 reentered between July 1, 1995, and ~~July 1, 2014~~ July 1, 2015, which  
9 qualify as a new discovery pursuant to this subsection shall be  
10 exempt from the gross production tax levied pursuant to subsection B  
11 of this section from the date of first sales for a period of twenty-  
12 eight (28) months. For all such wells spudded or reentered, a  
13 refund against gross production taxes shall be issued as provided in  
14 subsection L of this section. As used in this subsection, "new  
15 discovery" means production of oil, gas or oil and gas from:

16 a. ~~(1) for wells spudded or reentered on or after July~~  
17 ~~1, 1997, a well that discovers crude oil in~~  
18 ~~paying quantities that is more than one (1) mile~~  
19 ~~from the nearest oil well producing from the same~~  
20 ~~producing formation, and~~

21 ~~(2) for~~

22 1. For wells spudded or reentered on or after July 1, 1997, and  
23 prior to ~~July 1, 2014~~ July 1, 2015, a well that discovers crude oil  
24 in paying quantities that is more than one (1) mile from the nearest

oil well producing from the same producing interval of the same formation<sup>7</sup>;

b. ~~(1) for wells spudded or reentered prior to July 1, 1997, a well that discovers crude oil in paying quantities beneath current production in a deeper producing formation that is more than one (1) mile from the nearest oil well producing from the same deeper producing formation, and~~

~~(2) for~~

2. For wells spudded or reentered on or after July 1, 1997, and prior to ~~July 1, 2014~~ July 1, 2015, a well that discovers crude oil in paying quantities beneath current production in a deeper producing interval that is more than one (1) mile from the nearest oil well producing from the same deeper producing interval<sup>7</sup>;

c. ~~(1) for wells spudded or reentered prior to July 1, 1997, a well that discovers natural gas in paying quantities that is more than two (2) miles from the nearest gas well producing from the same producing formation, and~~

~~(2) for~~

3. For wells spudded or reentered on or after July 1, 1997, and prior to ~~July 1, 2014~~ July 1, 2015, a well that discovers natural gas in paying quantities that is more than two (2) miles from the nearest gas well producing from the same producing interval<sup>7</sup>; or

1           d.   ~~(1) for wells spudded or reentered prior to July 1,~~  
2                               ~~1997, a well that discovers natural gas in paying~~  
3                               ~~quantities beneath current production in a deeper~~  
4                               ~~producing formation that is more than two (2)~~  
5                               ~~miles from the nearest gas well producing from~~  
6                               ~~the same deeper producing formation, and~~  
7                               ~~(2) for~~

8           4. For wells spudded or reentered on and after July 1, 1997,  
9 and prior to ~~July 1, 2014~~ July 1, 2015, a well that discovers  
10 natural gas in paying quantities beneath current production in a  
11 deeper producing interval that is more than two (2) miles from the  
12 nearest gas well producing from the same deeper producing interval.

13           ~~2. The Corporation Commission shall deliver to the Legislature~~  
14 ~~a report on the number of wells as defined by paragraph 1 of this~~  
15 ~~subsection that are drilled and the amount of production from those~~  
16 ~~wells. The first such report shall be delivered to the Legislature~~  
17 ~~no later than February 1, 1997, and each February 1, thereafter,~~  
18 ~~until the conclusion of the program.~~

19           J. Except as otherwise provided by this section, the production  
20 of oil, gas or oil and gas from any well, drilling of which is  
21 commenced after July 1, 2000, and prior to ~~July 1, 2014~~ July 1,  
22 2015, located within the boundaries of a three-dimensional seismic  
23 shoot and drilled based on three-dimensional seismic technology,  
24 shall be exempt from the gross production tax levied pursuant to

subsection B of this section from the date of first sales as follows:

1. If the three-dimensional seismic shoot is shot prior to July 1, 2000, for a period of eighteen (18) months; and

2. If the three-dimensional seismic shoot is shot on or after July 1, 2000, for a period of twenty-eight (28) months. For all such production, a refund against gross production taxes shall be issued as provided in subsection L of this section.

K. 1. The exemptions provided for in subsections F, G, I and J of this section, the exemption provided for in subparagraph a of paragraph 2 of subsection H of this section, and the exemptions provided for in subparagraphs b and c of paragraph 2 of subsection H of this section for production from wells spudded before July 1, 2005, shall not apply:

- a. to the severance or production of oil, upon determination by the Tax Commission that the average annual index price of Oklahoma oil exceeds Thirty Dollars (\$30.00) per barrel calculated on an annual calendar year basis, as adjusted for inflation using the Consumer Price Index-All Urban Consumers (CPI-U) as published by the Bureau of Labor Statistics of the U.S. Department of Labor or its successor agency. Such adjustment shall be based on the most current data available for the preceding twelve-month period

1 and shall be applied for the fiscal year which begins  
2 on the July 1 date immediately following the release  
3 of the CPI-U data by the Bureau of Statistics.

4 (1) The "average annual index price" will be  
5 calculated by multiplying the West Texas  
6 Intermediate closing price by the "index price  
7 ratio". The index price ratio is defined as the  
8 immediate preceding three-year historical average  
9 ratio of the actual weighted average wellhead  
10 price to the West Texas Intermediate close price  
11 published on the last business day of each month.

12 (2) The average annual index price will be updated  
13 annually by the Oklahoma Tax Commission no later  
14 than March 31 of each year.

15 (3) If the West Texas Intermediate Crude price is  
16 unavailable for any reason, an industry benchmark  
17 price may be substituted and used for the  
18 calculation of the index price as determined by  
19 the Tax Commission,

20 b. to the severance or production of oil or gas upon  
21 which gross production taxes are paid at a rate of one  
22 percent (1%) pursuant to the provisions of subsection  
23 B of this section, and  
24

1           c.   to the severance or production of gas, upon  
2               determination by the Tax Commission that the average  
3               annual index price of Oklahoma gas exceeds Five  
4               Dollars (\$5.00) per thousand cubic feet (mcf)  
5               calculated on an annual calendar year basis as  
6               adjusted for inflation using the Consumer Price Index-  
7               All Urban Consumers (CPI-U) as published by the Bureau  
8               of Labor Statistics of the U.S. Department of Labor or  
9               its successor agency. Such adjustment shall be based  
10              on the most current data available for the preceding  
11              twelve-month period and shall be applied for the  
12              fiscal year which begins on the July 1 date  
13              immediately following the release of the CPI-U data by  
14              the Bureau of Statistics.

15           (1) The "average annual index price" will be  
16               calculated by multiplying the Henry Hub 3-Day  
17               Average Close price by the "index price ratio".  
18               The index price ratio is defined as the immediate  
19               preceding three-year historical average ratio of  
20               the actual weighted average wellhead price to the  
21               Henry Hub 3-Day Average Close price published on  
22               the last business day of each month.



1 (2) The average annual index price will be updated  
2 annually by the Oklahoma Tax Commission no later  
3 than March 31 of each year.

4 (3) If the Henry Hub 3-Day Average Close price is  
5 unavailable for any reason, an industry benchmark  
6 price may be substituted and used for the  
7 calculation of the index price as determined by  
8 the Tax Commission.

9 2. Notwithstanding the exemptions granted pursuant to  
10 subsections F, G, I, J, paragraph 1 of subsection E, and  
11 subparagraph a of paragraph 2 of subsection H of this section, there  
12 shall continue to be levied upon the production of petroleum or  
13 other crude or mineral oil or natural gas or casinghead gas, as  
14 provided in subsection B of this section, from any wells provided  
15 for in subsections F, G, I, J, paragraph 1 of subsection E, and  
16 subparagraph a of paragraph 2 of subsection H of this section, a tax  
17 equal to one percent (1%) of the gross value of the production of  
18 petroleum or other crude or mineral oil or natural gas or casinghead  
19 gas. The tax hereby levied shall be apportioned as follows:

20 a. fifty percent (50%) of the sum collected shall be  
21 apportioned to the County Highway Fund as provided in  
22 subparagraph b of paragraph 1 of subsection A of  
23 Section 1004 of this title, and  
24

b. fifty percent (50%) of the sum collected shall be apportioned to the appropriate school district as provided in subparagraph c of paragraph 1 of subsection A of Section 1004 of this title.

Upon the expiration of the exemption granted pursuant to subsection E, F, G, H, I or J of this section, the provisions of this paragraph shall have no force or effect.

L. ~~Except~~ 1. Prior to July 1, 2015, and except as provided in subsection M of this section, for all oil and gas production exempt from gross production taxes pursuant to subsections E, F, G, H, I and J of this section during a given fiscal year, a refund of gross production taxes shall be issued to the well operator or a designee in the amount of such gross production taxes paid during such period, subject to the following provisions:

~~1. A~~

a. a refund shall not be claimed until after the end of such fiscal year. As used in this subsection, a fiscal year shall be deemed to begin on July 1 of one calendar year and shall end on June 30 of the subsequent calendar year~~+~~.

~~2. Unless~~

b. unless otherwise specified, no claims for refunds pursuant to the provisions of this subsection shall be filed more than eighteen (18) months after the first

1 day of the fiscal year in which the refund is first  
2 available~~+~~L

3 ~~3. No~~

4 c. no claims for refunds pursuant to the provisions of  
5 this subsection shall be filed by or on behalf of  
6 persons other than the operator or a working interest  
7 owner of record at the time of production~~+~~L

8 ~~4. No~~

9 d. no refunds shall be claimed or paid pursuant to the  
10 provisions of this subsection for oil or gas  
11 production upon which a tax is paid at a rate of one  
12 percent (1%) as specified in subsection B of this  
13 section~~+~~L and

14 ~~5. No~~

15 e. no refund shall be paid unless the person making the  
16 claim for refund demonstrates by affidavit or other  
17 means prescribed by the Tax Commission that an amount  
18 equal to or greater than the amount of the refund has  
19 been invested in the exploration for or production of  
20 crude oil or natural gas in this state by such person  
21 not more than three (3) years prior to the date of the  
22 claim. No amount of investment used to qualify for a  
23 refund pursuant to the provisions of this ~~paragraph~~  
24 subsection may be used to qualify for another refund

1           pursuant to the provisions of this ~~paragraph~~  
2           subsection.

3           If there are insufficient funds collected from the production of  
4 oil to satisfy the refunds claimed for oil production pursuant to  
5 subsection E, F, G, H, I or J of this section, the Tax Commission  
6 shall pay the balance of the refund claims out of the gross  
7 production taxes collected from the production of gas.

8           2. On or after July 1, 2015, for all oil and gas production  
9 exempt from gross production taxes pursuant to subsections F and G  
10 of this section during a given fiscal year, a refund of gross  
11 production taxes shall be issued to the well operator or a designee  
12 in the amount of such gross production taxes paid during such  
13 period, subject to the following provisions:

14           a. a refund shall not be claimed until after the end of  
15 such fiscal year. As used in this subsection, a  
16 fiscal year shall be deemed to begin on July 1 of one  
17 calendar year and shall end on June 30 of the  
18 subsequent calendar year,

19           b. unless otherwise specified, no claims for refunds  
20 pursuant to the provisions of this subsection shall be  
21 filed more than eighteen (18) months after the first  
22 day of the fiscal year in which the refund is first  
23 available,

1        c. no claims for refunds pursuant to the provisions of  
2        this subsection shall be filed by or on behalf of  
3        persons other than the operator or a working interest  
4        owner of record at the time of production,

5        d. no refunds shall be claimed or paid pursuant to the  
6        provisions of this subsection for oil or gas  
7        production upon which a tax is paid at a rate of two  
8        percent (2%), and

9        e. no refund shall be paid unless the person making the  
10       claim for refund demonstrates by affidavit or other  
11       means prescribed by the Tax Commission that an amount  
12       equal to or greater than the amount of the refund has  
13       been invested in the exploration for or production of  
14       crude oil or natural gas in this state by such person  
15       not more than three (3) years prior to the date of the  
16       claim. No amount of investment used to qualify for a  
17       refund pursuant to the provisions of this paragraph  
18       may be used to qualify for another refund pursuant to  
19       the provisions of this paragraph.

20       If there are insufficient funds collected from the production of  
21       oil or gas to satisfy the refunds claimed for oil or gas production  
22       pursuant to subsection F or G of this section, the Tax Commission  
23       shall pay the balance of the refund claims out of the gross  
24

1 production taxes collected from either the production of oil or gas,  
2 as necessary.

3 3. Notwithstanding any other provisions of law, after the  
4 effective date of this act, no refund of gross production taxes  
5 shall be claimed for oil and gas production exempt from gross  
6 production taxes pursuant to subsections E, F, G, H, I and J of this  
7 section for production occurring prior to July 1, 2003.

8 M. Claims for refunds filed for the exemptions provided in  
9 paragraph 1 of subsection E, and subparagraphs b and c of paragraph  
10 2 of subsection H of this section for the production periods  
11 beginning on or after July 1, 2009, and ending on or before June 30,  
12 2011, shall be paid pursuant to the provisions of this subsection.  
13 The claims for refunds referenced herein shall be paid in equal  
14 payments of a period of thirty-six (36) months. The first payment  
15 shall be made after July 1, 2012, but prior to August 1, 2012. The  
16 Tax Commission shall provide, not later than June 30, 2012, to the  
17 operator or designated interest owner, a schedule of rebates to be  
18 paid out over the thirty-six-month period. The payments required to  
19 be made pursuant to the provisions of this subsection shall be  
20 subject to a penalty rate of interest equal to nine percent (9%) per  
21 annum. The penalty rate of interest shall accrue for each day that  
22 a required payment is not made by the end of the month for which the  
23 payment is required to be made by the Tax Commission. For purposes  
24 of computing the per diem rate of interest pursuant to this

1 subsection, a calendar year shall be deemed to consist of three  
2 hundred sixty (360) days.

3 N. 1. The Corporation Commission and the Tax Commission shall  
4 promulgate joint rules for the qualification for the exemptions  
5 provided for in ~~subsections E, F, G, H, I and J~~ of this section and  
6 the rules shall contain provisions for verification of any wells  
7 from which production may be qualified for the exemptions. The Tax  
8 Commission shall adopt rules and regulations which establish  
9 guidelines for production of oil or gas after July 1, 2011, which is  
10 exempt from tax pursuant to the provisions of paragraph 1 of  
11 subsection E and subparagraphs b and c of paragraph 2 of subsection  
12 H of this section to remit tax at the reduced rate provided in  
13 paragraph 2 of subsection E and subparagraphs d and e of paragraph 2  
14 of subsection H of this section until the end of the qualifying  
15 exemption period.

16 2. Any person requesting any exemption shall file an  
17 application for qualification for the exemption with the Corporation  
18 Commission which, upon finding that the well meets the requirements  
19 of ~~subsection E, F, G, H, I or J~~ of this section, shall approve the  
20 application for qualification.

21 3. Any person seeking an exemption shall:

22 a. file an application for the exemption with the Tax  
23 Commission which, upon determination of qualification  
24

1 by the Corporation Commission, shall approve the  
2 application for an exemption, and

3 b. provide a copy of the approved application to the  
4 remitter of the gross production tax.

5 4. The Tax Commission may require any person requesting an  
6 exemption to furnish necessary financial and other information or  
7 records in order to determine and justify the refund.

8 5. Upon the expiration of ~~the~~ an exemption granted pursuant to  
9 ~~subsection E, F, G, H, I or J of this section,~~ the Tax Commission  
10 shall collect the gross production tax levied pursuant to this  
11 section. If a person who qualifies for the exemption elects to  
12 remit his or her own gross production tax during the exemption  
13 period, the first purchaser shall not be liable to withhold or remit  
14 the tax until the first day of the month following the receipt of  
15 written notification from the person who is qualified for such  
16 exemption stating that such exemption has expired and directing the  
17 first purchaser to resume tax remittance on his or her behalf.

18 O. ~~All~~ 1. Prior to July 1, 2015, persons shall only be  
19 entitled to either the exemption granted pursuant to subsection D of  
20 this section or the exemption granted pursuant to subsection E, F,  
21 G, H, I or J of this section for each oil, gas or oil and gas well  
22 drilled or recompleted in this state. However, any person who  
23 qualifies for the exemption granted pursuant to subsection E, F, G,  
24 H, I or J of this section shall not be prohibited from qualification



1 for the exemption granted pursuant to subsection D of this section,  
2 if the exemption granted pursuant to subsection E, F, G, H, I or J  
3 of this section has expired.

4 2. On or after July 1, 2015, all persons shall only be entitled  
5 to either the exemption granted pursuant to subsection D of this  
6 section or the exemption granted pursuant to subsection F or G of  
7 this section for each oil, gas, or oil and gas well drilled or  
8 recompleted in this state. However, any person who qualifies for  
9 the exemption granted pursuant to subsections F and G of this  
10 section shall not be prohibited from qualification for the exemption  
11 granted pursuant to subsection D of this section if the exemption  
12 granted pursuant to subsection F or G of this section has expired.  
13 Further, the exemption granted pursuant to subsection D of this  
14 section shall not apply to any production upon which a tax is paid  
15 at a rate of two percent (2%).

16 P. The Tax Commission shall have the power to require any such  
17 person engaged in mining or the production or the purchase of such  
18 asphalt, mineral ores aforesaid, oil, or gas, or the owner of any  
19 royalty interest therein to furnish any additional information by it  
20 deemed to be necessary for the purpose of correctly computing the  
21 amount of the tax; and to examine the books, records and files of  
22 such person; and shall have power to conduct hearings and compel the  
23 attendance of witnesses, and the production of books, records and  
24 papers of any person.

1       Q. Any person or any member of any firm or association, or any  
2 officer, official, agent or employee of any corporation who shall  
3 fail or refuse to testify; or who shall fail or refuse to produce  
4 any books, records or papers which the Tax Commission shall require;  
5 or who shall fail or refuse to furnish any other evidence or  
6 information which the Tax Commission may require; or who shall fail  
7 or refuse to answer any competent questions which may be put to him  
8 or her by the Tax Commission, touching the business, property,  
9 assets or effects of any such person relating to the gross  
10 production tax imposed by this article or exemption authorized  
11 pursuant to this section or other laws, shall be guilty of a  
12 misdemeanor, and, upon conviction thereof, shall be punished by a  
13 fine of not more than Five Hundred Dollars (\$500.00), or  
14 imprisonment in the jail of the county where such offense shall have  
15 been committed, for not more than one (1) year, or by both such fine  
16 and imprisonment; and each day of such refusal on the part of such  
17 person shall constitute a separate and distinct offense.

18       R. The Tax Commission shall have the power and authority to  
19 ascertain and determine whether or not any report herein required to  
20 be filed with it is a true and correct report of the gross products,  
21 and of the value thereof, of such person engaged in the mining or  
22 production or purchase of asphalt and ores bearing minerals  
23 aforesaid and of oil and gas. If any person has made an untrue or  
24 incorrect report of the gross production or value or volume thereof,

1 or shall have failed or refused to make such report, the Tax  
2 Commission shall, under the rules prescribed by it, ascertain the  
3 correct amount of either, and compute the tax.

4 S. The payment of the taxes herein levied shall be in full, and  
5 in lieu of all taxes by the state, counties, cities, towns, school  
6 districts and other municipalities upon any property rights attached  
7 to or inherent in the right to the minerals, upon producing leases  
8 for the mining of asphalt and ores bearing lead, zinc, jack or  
9 copper, or for oil, or for gas, upon the mineral rights and  
10 privileges for the minerals aforesaid belonging or appertaining to  
11 land, upon the machinery, appliances and equipment used in and  
12 around any well producing oil, or gas, or any mine producing asphalt  
13 or any of the mineral ores aforesaid and actually used in the  
14 operation of such well or mine. The payment of gross production tax  
15 shall also be in lieu of all taxes upon the oil, gas, asphalt or  
16 ores bearing minerals hereinbefore mentioned during the tax year in  
17 which the same is produced, and upon any investment in any of the  
18 leases, rights, privileges, minerals or other property described  
19 herein. Any interest in the land, other than that herein  
20 enumerated, and oil in storage, asphalt and ores bearing minerals  
21 hereinbefore named, mined, produced and on hand at the date as of  
22 which property is assessed for general and ad valorem taxation for  
23 any subsequent tax year, shall be assessed and taxed as other  
24

1 property within the taxing district in which such property is  
2 situated at the time.

3 T. No equipment, material or property shall be exempt from the  
4 payment of ad valorem tax by reason of the payment of the gross  
5 production tax except such equipment, machinery, tools, material or  
6 property as is actually necessary and being used and in use in the  
7 production of asphalt or of ores bearing lead, zinc, jack or copper  
8 or of oil or gas. Provided, the exemption shall include the  
9 wellbore and non-recoverable down-hole material, including casing,  
10 actually used in the disposal of waste materials produced with such  
11 oil or gas. It is expressly declared that no ice plants, hospitals,  
12 office buildings, garages, residences, gasoline extraction or  
13 absorption plants, water systems, fuel systems, rooming houses and  
14 other buildings, nor any equipment or material used in connection  
15 therewith, shall be exempt from ad valorem tax.

16 U. The exemption from ad valorem tax set forth in subsections S  
17 and T of this section shall continue to apply to all property from  
18 which production of oil, gas or oil and gas is exempt from gross  
19 production tax pursuant to subsection D, E, F, G, H, I or J of this  
20 section.

21 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1001.3a, is  
22 amended to read as follows:

23 Section 1001.3a A. As used in this section:  
24

1        1. "Economically at-risk oil or gas lease" means any oil or gas  
2 lease operated at a net loss or at a net profit which is less than  
3 the total gross production tax remitted for such lease during the  
4 previous calendar year; and

5        2. "Lease" shall be defined as in Section 1001.2 of this title.

6        B. When certified as such pursuant to the provisions of this  
7 section, production from an economically at-risk oil or gas lease  
8 shall be eligible for an exemption from the gross production tax  
9 levied pursuant to subsection B of Section 1001 of this title for  
10 production on such lease during the previous calendar year in the  
11 following amounts:

12        1. If the gross production tax rate levied pursuant to  
13 subsection B of Section 1001 of this title was seven percent (7%),  
14 then the exemption shall equal six-sevenths ( $6/7$ ) of the gross  
15 production tax levied;

16        2. If the gross production tax rate levied pursuant to  
17 subsection B of Section 1001 of this title was four percent (4%),  
18 then the exemption shall equal three-fourths ( $3/4$ ) of the gross  
19 production tax levied; and

20        3. If the gross production tax rate levied pursuant to  
21 subsection B of Section 1001 of this title was one percent (1%) or  
22 two percent (2%), no exemption shall apply.

23        C. For all production exempt from gross production taxes  
24 pursuant to this section, a refund of gross production taxes paid

1 for production in the previous calendar year in the amounts  
2 specified in this subsection shall be issued to the well operator or  
3 a designee. The refund shall not be claimed until after July 1 of  
4 the year subsequent to the year of production.

5 D. Any operator making application for an economically at-risk  
6 oil or gas lease status under the provisions of this section shall  
7 submit documentation to the Tax Commission, as determined by the Tax  
8 Commission to be appropriate and necessary including, but not  
9 limited to, the operator's federal income tax return for the  
10 previous year for such lease.

11 E. For the purposes of this section, determination of the  
12 economically at-risk oil or gas lease status shall be made by  
13 subtracting from the gross revenue of that lease for the previous  
14 calendar year severance taxes, if any, royalty, operating expenses  
15 of the lease to include expendable workover and recompletion costs  
16 for the previous calendar year, and including overhead costs up to  
17 the maximum overhead percentage allowed by the Council of Petroleum  
18 Accountants Societies (COPAS) guidelines. For the purposes of this  
19 calculation, depreciation, depletion or intangible drilling costs  
20 shall not be included as lease operating expenses.

21 F. The Tax Commission shall have sole authority to determine if  
22 an oil or gas lease qualifies for certification as an economically  
23 at-risk oil or gas lease and shall make the determination within  
24 sixty (60) days after an application is filed for economically at-

1 risk oil or gas lease status. The Tax Commission shall promulgate  
2 rules governing the certification process.

3 G. ~~Gross~~ Except as provided in subsection H of this section,  
4 gross production tax exemptions under the provisions of this  
5 section shall be limited to production from calendar years 2005,  
6 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013; provided, no  
7 claims for refunds for calendar years provided in this subsection  
8 shall be paid on or after December 31, 2015.

9 H. Gross production tax exemptions claimed under the  
10 provisions of this section shall be limited to production from  
11 calendar years 2014 through 2020; provided, no claims for refunds  
12 for the calendar years 2014 through 2020 shall be claimed or paid  
13 more than eighteen (18) months after the first day of the fiscal  
14 year during which the refund is first available.

15 SECTION 3. AMENDATORY 68 O.S. 2011, Section 1004, as  
16 last amended by Section 1, Chapter 205, O.S.L. 2012 (68 O.S. Supp.  
17 2013, Section 1004), is amended to read as follows:

18 Section 1004. A. Beginning July 1, 2002, the gross production  
19 tax provided for in Section 1001 of this title is hereby levied and  
20 shall be collected and apportioned as follows:

21 1. For all monies collected from the tax levied on asphalt or  
22 ores bearing uranium, lead, zinc, jack, gold, silver or copper:

23 a. eighty-five and seventy-two one-hundredths percent  
24 (85.72%) shall be paid to the State Treasurer of the

1 state to be placed in the General Revenue Fund of the  
2 state and used for the general expense of state  
3 government, to be paid out pursuant to direct  
4 appropriation by the Legislature,

5 b. seven and fourteen one-hundredths percent (7.14%) of  
6 the sum collected from natural gas and/or casinghead  
7 gas or asphalt or ores bearing uranium, lead, zinc,  
8 jack, gold, silver or copper shall be paid to the  
9 various county treasurers to be credited to the County  
10 Highway Fund as follows: Each county shall receive a  
11 proportionate share of the funds available based upon  
12 the proportion of the total value of production from  
13 such county in the corresponding month of the  
14 preceding year, and

15 c. seven and fourteen one-hundredths percent (7.14%)  
16 shall be allocated to each county as provided for in  
17 subparagraph b of this paragraph and shall be  
18 apportioned, on an average daily attendance per capita  
19 distribution basis, as certified by the State  
20 Superintendent of Public Instruction to the school  
21 districts of the county where such pupils attend  
22 school regardless of residence of such pupil, provided  
23 the school district makes an ad valorem tax levy of  
24



1           fifteen (15) mills for the current year and maintains  
2           twelve (12) years of instruction;

3           2. For all monies collected from the tax levied on natural gas  
4 and/or casinghead gas at a tax rate of seven percent (7%) pursuant  
5 to the provisions of subsection B of Section 1001 of this title:

6           a. eighty-five and seventy-two one-hundredths percent  
7           (85.72%) shall be paid to the State Treasurer of the  
8           state to be placed in the General Revenue Fund of the  
9           state and used for the general expense of state  
10          government, to be paid out pursuant to direct  
11          appropriation by the Legislature,

12          b. seven and fourteen one-hundredths percent (7.14%) of  
13          the sum collected from natural gas and/or casinghead  
14          gas shall be paid to the various county treasurers to  
15          be credited to the County Highway Fund as follows:  
16          Each county shall receive a proportionate share of the  
17          funds available based upon the proportion of the total  
18          value of production from such county in the  
19          corresponding month of the preceding year, and

20          c. seven and fourteen one-hundredths percent (7.14%)  
21          shall be allocated to each county as provided for in  
22          subparagraph b of this paragraph and shall be  
23          apportioned, on an average daily attendance per capita  
24          distribution basis, as certified by the State

1 Superintendent of Public Instruction to the school  
2 districts of the county where such pupils attend  
3 school regardless of residence of such pupil, provided  
4 the school district makes an ad valorem tax levy of  
5 fifteen (15) mills for the current year and maintains  
6 twelve (12) years of instruction;

7 3. For all monies collected from the tax levied on natural gas  
8 and/or casinghead gas at a tax rate of four percent (4%) pursuant to  
9 the provisions of subsection B of Section 1001 of this title:

- 10 a. seventy-five percent (75%) shall be paid to the State  
11 Treasurer of the state to be placed in the General  
12 Revenue Fund of the state and used for the general  
13 expense of state government, to be paid out pursuant  
14 to direct appropriation by the Legislature,
- 15 b. twelve and one-half percent (12.5%) of the sum  
16 collected from natural gas and/or casinghead gas shall  
17 be paid to the various county treasurers to be  
18 credited to the County Highway Fund as follows: Each  
19 county shall receive a proportionate share of the  
20 funds available based upon the proportion of the total  
21 value of production from such county in the  
22 corresponding month of the preceding year, and
- 23 c. twelve and one-half percent (12.5%) shall be allocated  
24 to each county as provided for in subparagraph b of

1           this paragraph and shall be apportioned, on an average  
2           daily attendance per capita distribution basis, as  
3           certified by the State Superintendent of Public  
4           Instruction to the school districts of the county  
5           where such pupils attend school regardless of  
6           residence of such pupil, provided the school district  
7           makes an ad valorem tax levy of fifteen (15) mills for  
8           the current year and maintains twelve (12) years of  
9           instruction;

10         4. For all monies collected from the tax levied on natural gas  
11         and/or casinghead gas at a tax rate of one percent (1%) pursuant to  
12         the provisions of subsection B of Section 1001 of this title:

13           a. fifty percent (50%) of the sum collected from natural  
14           gas and/or casinghead gas shall be paid to the various  
15           county treasurers to be credited to the County Highway  
16           Fund as follows: Each county shall receive a  
17           proportionate share of the funds available based upon  
18           the proportion of the total value of production from  
19           such county in the corresponding month of the  
20           preceding year, and

21           b. fifty percent (50%) shall be allocated to each county  
22           as provided for in subparagraph a of this paragraph  
23           and shall be apportioned, on an average daily  
24           attendance per capita distribution basis, as certified

1 by the State Superintendent of Public Instruction to  
2 the school districts of the county where such pupils  
3 attend school regardless of residence of such pupil,  
4 provided the school district makes an ad valorem tax  
5 levy of fifteen (15) mills for the current year and  
6 maintains twelve (12) years of instruction;

7 5. For all monies collected from the tax levied on natural gas  
8 and/or casinghead gas at a tax rate of two percent (2%) pursuant to  
9 the provisions of subparagraph c of paragraph 3 of subsection B of  
10 Section 1001 of this title:

11 a. fifty percent (50%) shall be paid to the State  
12 Treasurer to be placed in the General Revenue Fund of  
13 the state and used for the general expense of state  
14 government, to be paid out pursuant to direct  
15 appropriation by the Legislature,

16 b. twenty-five percent (25%) of the sum collected from  
17 natural gas and/or casinghead gas shall be paid to the  
18 various county treasurers to be credited to the County  
19 Highway Fund as follows: Each county shall receive a  
20 proportionate share of the funds available based upon  
21 the proportion of the total value of production from  
22 such county in the corresponding month of the  
23 preceding year, and

1        c.    twenty-five percent (25%) shall be allocated to each  
2        county as provided for in subparagraph b of this  
3        paragraph and shall be apportioned on an average daily  
4        attendance per capita distribution basis, as certified  
5        by the State Superintendent of Public Instruction, to  
6        the school districts of the county where such pupils  
7        attend school regardless of residence of such pupil,  
8        provided the school district makes an ad valorem tax  
9        levy of fifteen (15) mills for the current year and  
10       maintains twelve (12) years of instruction;

11       6.    For all monies collected from the tax levied on oil at a tax  
12       rate of seven percent (7%) pursuant to the provisions of subsection  
13       B of Section 1001 of this title:

14           a.    twenty-five and seventy-two one-hundredths percent  
15                  (25.72%) shall be paid to the State Treasurer to be  
16                  placed in the Common Education Technology Revolving  
17                  Fund created in Section 34.90 of Title 62 of the  
18                  Oklahoma Statutes,

19           b.    twenty-five and seventy-two one-hundredths percent  
20                  (25.72%) shall be paid to the State Treasurer to be  
21                  placed in the Higher Education Capital Revolving Fund  
22                  created in Section 34.91 of Title 62 of the Oklahoma  
23                  Statutes,

- 1           c.   twenty-five and seventy-two one-hundredths percent  
2                   (25.72%) shall be paid to the State Treasurer to be  
3           placed in the Oklahoma Student Aid Revolving Fund  
4           created in Section 34.92 of Title 62 of the Oklahoma  
5           Statutes,
- 6           d.   three and seven hundred forty-five one-thousandths  
7                   percent (3.745%) shall be distributed to the various  
8           counties of the state for deposit into the County  
9           Bridge and Road Improvement Fund of each county based  
10          on a formula developed by the Department of  
11          Transportation and approved by the Department of  
12          Transportation County Advisory Board created pursuant  
13          to Section 302.1 of Title 69 of the Oklahoma Statutes  
14          to be used for the purposes set forth in the County  
15          Bridge and Road Improvement Act. The formula shall be  
16          similar to the formula currently used for the  
17          distribution of monies in the County Bridge Program  
18          funds, but shall also take into consideration the  
19          effect of the terrain and traffic volume as related to  
20          county road improvement and maintenance costs,
- 21          e.   four and twenty-eight one-hundredths percent (4.28%)  
22                  shall be paid to the State Treasurer to be apportioned  
23          to:  
24

1 (1) the following sources and in the following  
2 amounts through the fiscal year ending June 30,  
3 2016:

4 (a) thirty-three and one-third percent (33 1/3%)  
5 to the Oklahoma Tourism and Recreation  
6 Department Capital Expenditure Revolving  
7 Fund created pursuant to Section 2254.1 of  
8 Title 74 of the Oklahoma Statutes,

9 (b) thirty-three and one-third percent (33 1/3%)  
10 to the Oklahoma Conservation Commission  
11 Infrastructure Revolving Fund created  
12 pursuant to Section 3-2-110 of Title 27A of  
13 the Oklahoma Statutes, and

14 (c) thirty-three and one-third percent (33 1/3%)  
15 to the Community Water Infrastructure  
16 Development Revolving Fund created pursuant  
17 to Section 1085.7A of Title 82 of the  
18 Oklahoma Statutes, and

19 (2) the Oklahoma Water Resources Board Rural Economic  
20 Action Plan Water Projects Fund for the fiscal  
21 year beginning July 1, 2016, and for each fiscal  
22 year thereafter,

23 f. seven and fourteen one-hundredths percent (7.14%) of  
24 the sum collected from oil shall be paid to the

1 various county treasurers, to be credited to the  
2 County Highway Fund as follows: Each county shall  
3 receive a proportionate share of the funds available  
4 based upon the proportion of the total value of  
5 production from such county in the corresponding month  
6 of the preceding year,

7 g. seven and fourteen one-hundredths percent (7.14%)  
8 shall be allocated to each county as provided in  
9 subparagraph f of this paragraph and shall be  
10 apportioned, on an average daily attendance per capita  
11 distribution basis, as certified by the State  
12 Superintendent of Public Instruction, to the school  
13 districts of the county where such pupils attend  
14 school regardless of residence of such pupil, provided  
15 the school district makes an ad valorem tax levy of  
16 fifteen (15) mills for the current year and maintains  
17 twelve (12) years of instruction, and

18 h. five hundred thirty-five one-thousandths percent  
19 (0.535%) of the levy shall be transmitted by the  
20 Oklahoma Tax Commission to the Statewide Circuit  
21 Engineering District Revolving Fund as created in  
22 Section 687.2 of Title 69 of the Oklahoma Statutes;  
23  
24



1     ~~6.~~ 7. For all monies collected from the tax levied on oil at a  
2 tax rate of four percent (4%) pursuant to the provisions of  
3 subsection B of Section 1001 of this title:

- 4           a.     twenty-two and one-half percent (22.5%) shall be paid  
5                     to the State Treasurer to be placed in the Common  
6                     Education Technology Revolving Fund created in Section  
7                     34.90 of Title 62 of the Oklahoma Statutes,
- 8           b.     twenty-two and one-half percent (22.5%) shall be paid  
9                     to the State Treasurer to be placed in the Higher  
10                    Education Capital Revolving Fund created in Section  
11                    34.91 of Title 62 of the Oklahoma Statutes,
- 12          c.     twenty-two and one-half percent (22.5%) shall be paid  
13                     to the State Treasurer to be placed in the Oklahoma  
14                     Student Aid Revolving Fund created in Section 34.92 of  
15                     Title 62 of the Oklahoma Statutes,
- 16          d.     three and twenty-eight one-hundredths percent (3.28%)  
17                     shall be distributed to the various counties of the  
18                     state for deposit into the County Bridge and Road  
19                     Improvement Fund of each county based on a formula  
20                     developed by the Department of Transportation and  
21                     approved by the Department of Transportation County  
22                     Advisory Board created pursuant to Section 302.1 of  
23                     Title 69 of the Oklahoma Statutes to be used for the  
24                     purposes set forth in the County Bridge and Road

1 Improvement Act. The formula shall be similar to the  
2 formula currently used for the distribution of monies  
3 in the County Bridge Program funds, but shall also  
4 take into consideration the effect of the terrain and  
5 traffic volume as related to county road improvement  
6 and maintenance costs,

7 e. three and seventy-five one-hundredths percent (3.75%)  
8 shall be paid to the State Treasurer to be apportioned  
9 to:

10 (1) the following sources and in the following  
11 amounts through the fiscal year ending June 30,  
12 2016:

13 (a) thirty-three and one-third percent (33 1/3%)  
14 to the Oklahoma Tourism and Recreation  
15 Department Capital Expenditure Revolving  
16 Fund created pursuant to Section 2254.1 of  
17 Title 74 of the Oklahoma Statutes,

18 (b) thirty-three and one-third percent (33 1/3%)  
19 to the Oklahoma Conservation Commission  
20 Infrastructure Revolving Fund created  
21 pursuant to Section 3-2-110 of Title 27A of  
22 the Oklahoma Statutes, and

23 (c) thirty-three and one-third percent (33 1/3%)  
24 to the Community Water Infrastructure

1 Development Revolving Fund created pursuant  
2 to Section 1085.7A of Title 82 of the  
3 Oklahoma Statutes, and

4 (2) the Oklahoma Water Resources Board Rural Economic  
5 Action Plan Water Projects Fund for the fiscal  
6 year beginning July 1, 2016, and for each fiscal  
7 year thereafter,

8 f. twelve and one-half percent (12.5%) of the sum  
9 collected from oil shall be paid to the various county  
10 treasurers, to be credited to the County Highway Fund  
11 as follows: Each county shall receive a proportionate  
12 share of the funds available based upon the proportion  
13 of the total value of production from such county in  
14 the corresponding month of the preceding year,

15 g. twelve and one-half percent (12.5%) shall be allocated  
16 to each county as provided in subparagraph f of this  
17 paragraph and shall be apportioned on an average daily  
18 attendance per capita distribution basis, as certified  
19 by the State Superintendent of Public Instruction, to  
20 the school districts of the county where such pupils  
21 attend school regardless of residence of such pupil,  
22 provided the school district makes an ad valorem tax  
23 levy of fifteen (15) mills for the current year and  
24 maintains twelve (12) years of instruction, and

1           h.     forty-seven one-hundredths percent (0.47%) of the levy  
2                 shall be transmitted by the Tax Commission to the  
3                 Statewide Circuit Engineering District Revolving Fund  
4                 as created in Section 687.2 of Title 69 of the  
5                 Oklahoma Statutes;

6         ~~7.~~ 8.   For all monies collected from the tax levied on oil at a  
7         tax rate of one percent (1%) pursuant to the provisions of  
8         subsection B of Section 1001 of this title:

9           a.     fifty percent (50%) of the sum collected shall be paid  
10                to the various county treasurers, to be credited to  
11                the County Highway Fund as follows: Each county shall  
12                receive a proportionate share of the funds available  
13                based upon the proportion of the total value of  
14                production from such county in the corresponding month  
15                of the preceding year, and

16          b.     fifty percent (50%) shall be allocated to each county  
17                as provided for in subparagraph a of this paragraph  
18                and shall be apportioned on an average daily  
19                attendance per capita distribution basis, as certified  
20                by the State Superintendent of Public Instruction, to  
21                the school districts of the county where such pupils  
22                attend school regardless of residence of such pupil,  
23                provided the school district makes an ad valorem tax  
24

1           levy of fifteen (15) mills for the current year and  
2           maintains twelve (12) years of instruction;

3       9. For all monies collected from the tax levied on oil at a tax  
4 rate of two percent (2%) pursuant to the provisions of subparagraph  
5 c of paragraph 3 of subsection B of Section 1001 of this title:

6       a. fifty percent (50%) shall be paid to the State  
7 Treasurer to be placed in the General Revenue Fund of  
8 the state and used for the general expense of state  
9 government, to be paid out pursuant to direct  
10 appropriation by the Legislature,

11       b. twenty-five percent (25%) of the sum collected from  
12 oil shall be paid to the various county treasurers, to  
13 be credited to the County Highway Fund as follows:  
14 Each county shall receive a proportionate share of the  
15 funds available based upon the proportion of the total  
16 value of production from such county in the  
17 corresponding month of the preceding year, and

18       c. twenty-five percent (25%) shall be allocated to each  
19 county as provided in subparagraph b of this paragraph  
20 and shall be apportioned on an average daily  
21 attendance per capita distribution basis, as certified  
22 by the State Superintendent of Public Instruction, to  
23 the school districts of the county where such pupils  
24 attend school regardless of residence of such pupil,

1           provided the school district makes an ad valorem tax  
2           levy of fifteen (15) mills for the current year and  
3           maintains twelve (12) years of instruction.

4           B. Provided, notwithstanding any other provision of this  
5 section, the total amounts deposited to the Common Education  
6 Technology Revolving Fund, the Higher Education Capital Revolving  
7 Fund, the Oklahoma Student Aid Revolving Fund, the Rural Economic  
8 Action Plan Water Projects Fund, the Oklahoma Tourism and Recreation  
9 Department Capital Expenditure Revolving Fund, the Oklahoma  
10 Conservation Commission Infrastructure Revolving Fund and the  
11 Community Water Infrastructure Development Revolving Fund pursuant  
12 to paragraphs ~~5~~ 6 and ~~6~~ 7 of subsection A of this section shall not  
13 exceed One Hundred Fifty Million Dollars (\$150,000,000.00) in any  
14 fiscal year. Except as otherwise provided in this subsection, all  
15 sums in excess of One Hundred Fifty Million Dollars  
16 (\$150,000,000.00) in any fiscal year which would otherwise be  
17 deposited in such funds shall be apportioned by the Oklahoma Tax  
18 Commission to the General Revenue Fund of the state. ~~Provided,~~  
19 ~~amounts which would otherwise be apportioned by the Oklahoma Tax~~  
20 ~~Commission to the General Revenue Fund for the fiscal year ending on~~  
21 ~~June 30, 2012, pursuant to this subsection, shall be apportioned as~~  
22 ~~follows:~~

23           ~~1. Thirty seven Million Six Hundred Thousand Dollars~~  
24 ~~(\$37,600,000.00) to the State Department of Education disbursing~~

1 ~~fund authorized by the Office of State Finance pursuant to the~~  
2 ~~provisions of Section 34.48 of Title 62 of the Oklahoma Statutes, to~~  
3 ~~be used for the purpose of funding the certified employee and~~  
4 ~~support personnel health benefit allowance;~~

5       2. ~~Fourteen Million Eight Hundred Forty-five Thousand Seven~~  
6 ~~Hundred Dollars (\$14,845,700.00) to the State Department of~~  
7 ~~Education disbursing fund authorized by the Office of State Finance~~  
8 ~~pursuant to the provisions of Section 34.48 of Title 62 of the~~  
9 ~~Oklahoma Statutes, to be used for the purpose of providing bonuses~~  
10 ~~to teachers who have achieved National Board certification, to~~  
11 ~~school psychologists who have been designated as Nationally~~  
12 ~~Certified School Psychologists by the National School Psychology~~  
13 ~~Certification Board, and to speech-language pathologists and~~  
14 ~~audiologists who hold a Certificate of Clinical Competence awarded~~  
15 ~~by the American Speech-Language Hearing Association, pursuant to the~~  
16 ~~Education Leadership Oklahoma Act;~~

17       3. ~~Five Million Dollars (\$5,000,000.00) to the Department of~~  
18 ~~Public Safety Patrol Academy Revolving Fund created in Section 2-146~~  
19 ~~of Title 47 of the Oklahoma Statutes;~~

20       4. ~~One Million Dollars (\$1,000,000.00) to the Chief Medical~~  
21 ~~Examiner Revolving Fund created in Section 954 of Title 63 of the~~  
22 ~~Oklahoma Statutes;~~

1       ~~5. Thirty-four Million One Hundred Forty-five Thousand Seven~~  
2 ~~Hundred Six Dollars (\$34,145,706.00) to the State Emergency Fund~~  
3 ~~created in Section 139.42 of Title 62 of the Oklahoma Statutes; and~~

4       ~~6. All funds except those deposited pursuant to the provisions~~  
5 ~~of paragraphs 1 through 5 of this subsection to the General Revenue~~  
6 ~~Fund.~~

7       SECTION 4. This act shall become effective July 1, 2014.

8       SECTION 5. It being immediately necessary for the preservation  
9 of the public peace, health and safety, an emergency is hereby  
10 declared to exist, by reason whereof this act shall take effect and  
11 be in full force from and after its passage and approval.

12  
13       54-2-11054       MAH       05/19/14  
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