

BILL SUMMARY
1st Session of the 54th Legislature

Bill No.:	HB 1104
Version:	INT
Request Number:	5502
Author:	Rep. Sears
Date:	2/12/2013
Impact:	Tax Commission:
Administrative Cost Savings: \$36,700	

Research Analysis

HB 1104, as introduced, eliminates the requirement for gross production tax remitters to file zero monthly production tax reports. The measure also allows the release of certain information to any person or entity as it relates to oil and gas producing leases which are maintained by the Tax Commission for Gross Production Tax purposes.

Prepared By: Scott C. Tohlen

Fiscal Analysis

Section 1 of House Bill 1104 proposes to amend 68 O.S. Section 1010(B) by eliminating the requirement for gross production tax remitters to file zero monthly production tax reports.

As part of a newly developed gross production tax reporting system, the requirement for companies to file monthly production reports when there is no activity associated with a given well would no longer be necessary. Multiple purchasers on each well must now report regardless of whether they purchase production or do not purchase production. The information purchasers are now receiving from the current filing process will be available online.

Section 2 of House Bill 1104 proposes to amend 68 O.S. Section 1024, pertaining to the release of certain gross production tax information. Currently, the statutes require the Tax Commission to provide individuals or entities with certain non-tax related information pertaining to oil and gas producing properties. The party requesting such information is required to submit an oral or written request with the Tax Commission.

The proposed amendments would remove the requirement for the oral or written request. The Tax Commission would make such information available on-line through the agencies' web site. Interest owner production values and tax amounts will remain confidential. No taxpayer information that is presently confidential will be otherwise pursuant to the provisions of the proposed amendments.

Section 3 of House Bill 1104 amends paragraph 1 of Section 1359 of Title 68 which sets forth the sales tax exemption for manufacturers to correct an erroneous statutory reference to paragraph 9 of Section 1352 of Title 68 which currently defines "electronic". The reference should be to paragraph 14 of section 1352 which defines "manufacturing". When Section 1359(1) was amended by Laws 1998 c. 301 § 7, paragraph 9 of Section 1352 defined 'manufacturing' which is presently defined in paragraph 14 of Section 1352.

The proposed amendment is not substantive and therefore no fiscal or administrative impact is associated with Section 3 of this measure.

Section 4 of House Bill 1104 repeals Section 1368.2 of Title 68 which requires the Tax Commission to annually mail to all holders of sales tax permits a notice informing such permit holder of the statutory penalties for violations of the Oklahoma Sales Tax Code. The Notice to Vendors of Penalties for Violating the Oklahoma Sales Tax Code will continue to be posted on the OTC website and will be provided when a taxpayer applies for a sales tax permit.

In accordance with Section 1368.2 of Title 68, this past year, 84,123 penalty notices were sent by the OTC to Oklahoma vendors. The cost of postage, paper and envelopes in the approximate of \$36,700 is attributable to this mailing. Therefore, repeal of this measure would result in administrative savings to the OTC of approximately \$36,700.

Prepared By: Mark Tygret

Other Considerations

None indicated