

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 13, 2013

BILL NUMBER: HB 1104 STATUS AND DATE OF BILL: Engrossed Bill 2/25/13

AUTHORS: House Sears Senate Mazzei

TAX TYPE (S): Gross Production & Sales Tax SUBJECT: Administrative & Repealer

PROPOSAL: Amendatory

House Bill 1104 proposes to amend 68 O.S. Sections 1010 and 1024 relating to the reporting procedures for gross production tax and the release of certain information. The Bill also proposes to amend 68 O.S. Section 1359 relating to sales tax exemptions for certain manufacturers and repealing 68 O.S. Section 1368.2 relating to notices to sales tax vendors.

EFFECTIVE DATE: Emergency - July 1, 2013.

REVENUE IMPACT:

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

FY 14: None.

ADMINISTRATIVE IMPACT:

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

FY 14: Administrative savings to the Tax Commission of \$36,700 Dollars resulting from the repeal of 68 O.S. Section 1368.2.

Mar. 14, 2013
DATE

3-15-2013
DATE

3/20/13
DATE

Rick Miller
DIVISION DIRECTOR

Reece Woman
REECE WOMACK, ECONOMIST

Dan Cash
FOR THE COMMISSION

mjh & msm

Attachment to Fiscal/Administrative Impact – HB 1104 (Engrossed) Prepared 3/13/2013

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.

The Tax Commission has worked with the Oil and Gas Industry in the development of these proposals. There is no estimated impact to state revenues associated with the provisions of Senate Bill 332. Estimated administrative savings to the Tax Commission are unknown.

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 provide 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.