

FLOOR AMENDMENT

HOUSE OF REPRESENTATIVES

State of Oklahoma

SPEAKER:

CHAIR:

I move to amend SB1577 _____
Page 1-4 Section 1 Lines _____
Of the printed Bill
Of the Engrossed Bill

By striking all of Section 1 of the bill and by inserting a new Section 1
to read as follows:

(See Attached)

AMEND TITLE TO CONFORM TO AMENDMENTS

Amendment submitted by: Pat Ownbey

Adopted: _____

Reading Clerk

1 "SECTION 1. AMENDATORY 68 O.S. 2011, Section 1001.3a, as
2 amended by Section 2, Chapter 346, O.S.L. 2014 (68 O.S. Supp. 2015,
3 Section 1001.3a), is amended to read as follows:

4 Section 1001.3a A. As used in this section:

5 1. ~~"Economically~~ Prior to January 1, 2015, "economically at-
6 risk oil or gas lease" means any oil or gas lease operated at a net
7 loss or at a net profit which is less than the total gross
8 production tax remitted for such lease during the previous calendar
9 year; ~~and~~

10 2. On or after January 1, 2015, "economically at-risk oil or
11 gas lease" means any oil or gas lease with one or more producing
12 wells with an average production volume per well of fifteen (15)
13 barrels of oil or ninety (90) MCF of natural gas per day or less
14 operated at a net loss or at a net profit which is less than the
15 total gross production tax remitted for such lease during the
16 previous calendar year; and

17 3. "Lease" shall be defined as in Section 1001.2 of this title.

18 B. When certified as such pursuant to the provisions of this
19 section, production from an economically at-risk oil or gas lease
20 shall be eligible for an exemption from the gross production tax
21 levied pursuant to subsection B of Section 1001 of this title for
22 production on such lease during the previous calendar year in the
23 following amounts:
24

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

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

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

12 C. For all production exempt from gross production taxes
13 pursuant to this section, a refund of gross production taxes paid
14 for production in the previous calendar year in the amounts
15 specified in ~~this~~ subsection B of this section, subject to the
16 limitations specified in subsection D of this section, shall be
17 issued to the well operator or a designee. ~~The~~ For production in
18 calendar years ending on or before December 31, 2015, the refund
19 shall not be claimed until after July 1 of the year ~~subsequent to~~
20 following the year of production. Beginning with the calendar year
21 ending December 31, 2016, and each year thereafter, the refund shall
22 be claimed before July 1 of the year following the year of
23 production. The Tax Commission shall not accept or pay any claim
24

1 for refund filed on or after July 1 of each year following the year
2 of production.

3 D. For oil and natural gas produced from qualifying leases in
4 calendar years 2016 through 2020, the total amount of refunds
5 authorized in this section for each calendar year shall not exceed
6 Twenty-five Million Dollars (\$25,000,000.00) for all products
7 combined. If the amount of claims exceeds Twenty-five Million
8 Dollars (\$25,000,000.00), the Tax Commission shall determine the
9 percentage of the refund which establishes the proportionate share
10 of the refund which may be claimed by any taxpayer so that the
11 maximum amount authorized by this subsection is not exceeded.

12 E. Any operator making application for an economically at-risk
13 oil or gas lease status under the provisions of this section shall
14 submit documentation to the Tax Commission, as determined by the Tax
15 Commission to be appropriate and necessary ~~including, but not~~
16 ~~limited to, the operator's federal income tax return for the~~
17 ~~previous year for such lease.~~

18 ~~E.~~ F. For the purposes of this section, determination of the
19 economically at-risk oil or gas lease status shall be made by
20 subtracting from the gross revenue of that lease for the previous
21 calendar year severance taxes, if any, royalty, operating expenses
22 of the lease to include expendable workover and recompletion costs
23 for the previous calendar year, and including overhead costs up to
24 the maximum overhead percentage allowed by the Council of Petroleum

1 Accountants Societies (COPAS) guidelines. For the purposes of this
2 calculation, depreciation, depletion or intangible drilling costs
3 shall not be included as lease operating expenses.

4 ~~F.~~ G. The Tax Commission shall have sole authority to determine
5 if an oil or gas lease qualifies for certification as an
6 economically at-risk oil or gas lease ~~and shall make the~~
7 ~~determination within sixty (60) days after an application is filed~~
8 ~~for economically at-risk oil or gas lease status.~~ The Tax
9 Commission shall promulgate rules governing the certification
10 process.

11 ~~G.~~ H. Except as provided in subsection ~~H~~ I of this section,
12 gross production tax exemptions under the provisions of this section
13 shall be limited to production from calendar years 2005, 2006, 2007,
14 2008, 2009, 2010, 2011, 2012 and 2013; provided, no claims for
15 refunds for calendar years provided in this subsection shall be paid
16 on or after December 31, 2015.

17 ~~H.~~ I. Gross production tax exemptions claimed under the
18 provisions of this section shall be limited to production from
19 calendar years 2014 through 2020; provided, no claims for refunds
20 for the calendar years 2014 ~~through 2020~~ and 2015 shall be claimed
21 or paid more than eighteen (18) months after the first day of the
22 fiscal year during which the refund is first available. For
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1 calendar years 2016 through 2020, no claim for refund filed on or
2 after July 1 following the calendar year shall be claimed or paid."
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