

BILL SUMMARY
2nd Session of the 55th Legislature

Bill No.:	SB 1577
Version:	ENGR
Request Number:	NA
Author:	Mr. Speaker
Date:	5/18/2016
Impact:	Tax Commission:
	Net Revenue Impact: \$132.9 Million

Research Analysis

Engrossed SB1577 ends a gross production tax incentive for economically at-risk oil and gas leases. The measure limits the exemption to production from calendar year 2014 and provides that no claims for refunds will be paid after December 31, 2016.

Prepared By: Quyen Do

Fiscal Analysis

From the Tax Commission:

SB 1577 proposes to amend 68 O.S. § 1001.3a by providing that gross production tax exemptions claimed under the provisions of this section shall be limited to production from calendar year 2014; provided, no claims for refunds shall be paid on or after December 31, 2016 for any subsequent calendar year.

Estimated Revenue Impact for FY 17:

\$57,147,000 increase to the General Revenue Fund.¹
\$22,729,688 increase to the Common Education Technology Revolving Fund.
\$22,729,688 increase to the Higher Education Capital Revolving Fund.
\$22,729,688 increase to the Oklahoma Student Aide Revolving Fund.
\$ 3,309,649 increase to the County Bridge and Road Improvement Fund.
\$ 1,260,782 increase to the Oklahoma Tourism and Recreation Department Capital Expenditure Revolving Fund.²
\$ 1,260,782 increase to the Oklahoma Conservation Commission Infrastructure Revolving Fund.²
\$ 1,260,782 increase to the Community Water Infrastructure Development Revolving Fund.²
\$ 471,941 increase to the Statewide Circuit Engineering District Revolving Fund.

Estimated Net Revenue Impact for FY 17: \$132,900,000.

¹ This number represents the amount from economically at-risk claims for natural gas leases that will impact General Revenue. Based on the revenue forecast for FY 17, it is not anticipated that the \$150 Million apportionment cap for oil will be met. Therefore, no revenues associated with economically at-risk claims for oil leases will impact General Revenue.

² Sunset date extended to June 30, 2019 pursuant to HB 2623 (2016).

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Other Considerations

None.

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