

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: May 20, 2016

BILL NUMBER: SB 1577

STATUS AND DATE OF BILL: House Amendments to Senate Bill 5/19/16

AUTHORS: House Hickman Senate Bingman

TAX TYPE (S): Gross Production **SUBJECT:** Exemption

PROPOSAL: Amendatory

SB 1577 proposes to amend 68 O.S. § 1001.3a by providing that beginning on or after January 1, 2015, "economically at-risk oil or gas lease" means any oil or gas lease with an average production volume per well of ten (10) barrels of oil or sixty (60) MCF of natural gas per day or less operated at a net loss or a net profit which is less than the total gross production tax remitted for such lease during the previous calendar year. The total amount of claims to be paid for such leases shall not exceed Twelve Million Five Hundred Thousand Dollars (\$12,500,000).

EFFECTIVE DATE: August 26, 2016¹

REVENUE IMPACT:

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

FY 17: An estimated increase of \$120.4 Million to various funds.
[See attached for detailed fund apportionment]

ADMINISTRATIVE IMPACT:

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

FY 17: None.

May 20, 2016
DATE

Rick Miller
DIVISION DIRECTOR

mjh:mel

DATE
5/20/16
DATE

REECE WOMACK, ECONOMIST
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FOR THE COMMISSION

¹ This assumes the Legislature adjourns Sine Die on May 27, 2016, since this measure has no effective date.

ATTACHMENT TO FISCAL IMPACT SB 1577-[HASB] Prepared 05/20/2016

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Estimated Revenue Impact for FY 17:

\$51,772,000 increase to the General Revenue Fund.²

\$20,591,831 increase to the Common Education Technology Revolving Fund.

\$20,591,831 increase to the Higher Education Capital Revolving Fund.

\$20,591,831 increase to the Oklahoma Student Aide Revolving Fund.

\$ 2,998,357 increase to County Bridge and Road Improvement Fund.

\$ 1,142,198 increase to Oklahoma Tourism & Recreation Dept. Capital Exp. Rev. Fund.

\$ 1,142,198 increase to Oklahoma Conservation Commission Infrastructure Rev. Fund.

\$ 1,142,198 increase to Community Water Infrastructure Development Rev. Fund.

\$ 427,556 increase to Statewide Circuit Engineering District Revolving Fund.

Estimated Net Revenue Impact for FY 17: \$120,400,000.

² 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.