

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 HOUSE BILL 2190

By: Williams

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5
6 AS INTRODUCED

7 An Act relating to the disposal of deleterious
8 substances; requiring certain metering of certain
9 disposed fluids; requiring the maintenance of certain
10 logs for certain minimum period; requiring logs be
11 made available to certain state agencies; requiring
12 logs include certain minimum information; requiring
13 evidence concerning chain of custody; defining term;
14 stating purpose; levying tax upon disposal of liquid
15 deleterious substances; establishing tax amount per
16 barrel; requiring certain collection of tax;
17 providing schedule for remittance; apportioning
18 collections to certain fund; authorizing the
19 establishment of procedures, forms and applications;
20 creating the Injection Well Indemnity Fund;
21 identifying source of funding; creating a credit
22 against income tax; establishing credit amount on a
23 per-barrel basis; providing qualifying condition;
24 defining term; limiting credit; requiring the
development of certain forms and instructions;
authorizing the promulgation of rules; providing for
codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 155 of Title 52, unless there is
created a duplication in numbering, reads as follows:

1 A. The Corporation Commission shall require commercial
2 injection or disposal wells to be metered so as to record the volume
3 of fluids disposed of in the well.

4 B. The Corporation Commission shall require the operator of a
5 commercial injection or disposal well to keep and make available
6 upon request of the Corporation Commission or Oklahoma Tax
7 Commission a log of all loads of deleterious substances disposed at
8 the well. The log shall be kept on file for a period of at least
9 five (5) years. The log of record shall include, at a minimum, the
10 amount, the location of the source and the operator or owner of the
11 source of the deleterious substance. The operator shall also
12 require the hauler of the deleterious substance to submit evidence
13 of chain of custody of the deleterious substance. The chain of
14 custody evidence shall be included in the log of record.

15 C. For purposes of this section, "deleterious substances" means
16 any chemical, saltwater, oil field brine, waste oil, waste
17 emulsified oil, basic sediment, mud or injurious substance produced
18 or used in the drilling, development, production, transportation,
19 refining and processing of oil, gas or brine mining.

20 SECTION 2. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 1050 of Title 68, unless there
22 is created a duplication in numbering, reads as follows:

23 A. In order to protect public health and preserve the
24 expectation of future disposal capabilities of areas local to

1 commercial injection or disposal well sites, there is hereby levied
2 upon liquid deleterious substances disposed of in a commercial
3 injection or disposal well located in this state a tax equal to five
4 cents (\$0.05) per barrel.

5 B. The operator of a commercial injection or disposal well
6 shall:

7 1. Collect the tax provided for in this section for all
8 deleterious substances disposed of in the operator's injection or
9 disposal well; and

10 2. Remit such collections to the Oklahoma Tax Commission on a
11 quarterly basis within one (1) month following the close of each
12 quarter, for each barrel of liquid deleterious substance disposed of
13 during the preceding quarter.

14 C. The tax collected under the levy in this section shall be
15 apportioned to the Injection Well Indemnity Fund created in Section
16 3 of this act.

17 D. The Oklahoma Tax Commission shall establish reporting and
18 payment procedures, including forms and applications, which shall be
19 submitted with the payment of the tax provided for in this section.

20 E. For purposes of this section, "deleterious substances" means
21 any chemical, saltwater, oil field brine, waste oil, waste
22 emulsified oil, basic sediment, mud or injurious substance produced
23 or used in the drilling, development, production, transportation,
24 refining and processing of oil, gas or brine mining.

1 SECTION 3. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 1051 of Title 68, unless there
3 is created a duplication in numbering, reads as follows:

4 There is hereby created within the State Treasury a fund to be
5 designated the "Injection Well Indemnity Fund". The fund shall
6 consist of revenues apportioned to the fund pursuant to Section 2 of
7 this act.

8 SECTION 4. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 2357.410 of Title 68, unless
10 there is created a duplication in numbering, reads as follows:

11 A. For tax years beginning after December 31, 2017, there shall
12 be allowed a credit against the tax imposed by Section 2355 of Title
13 68 of the Oklahoma Statutes, equal to five cents (\$0.05) per barrel
14 of recycled liquid deleterious substance that, in lieu of recycling,
15 would have been disposed of by injection in a commercial injection
16 or disposal well located in this state.

17 B. For purposes of this section, "deleterious substances" means
18 any chemical, saltwater, oil field brine, waste oil, waste
19 emulsified oil, basic sediment, mud or injurious substance produced
20 or used in the drilling, development, production, transportation,
21 refining and processing of oil, gas or brine mining.

22 C. In no event shall the amount of the credit exceed the amount
23 of any tax liability of the taxpayer.

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1 D. The Oklahoma Tax Commission shall develop and issue
2 appropriate forms and instructions to enable qualifying taxpayers to
3 claim the tax credit provided in this section. The Commission shall
4 promulgate rules to facilitate the implementation of this section.

5 SECTION 5. This act shall become effective January 1, 2018.

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