

BILL SUMMARY
1st Extraordinary Session of the 56th Legislature

Bill No.:	HB 1085X
Version:	FA1
Request Number:	NA
Author:	Rep. Perryman
Date:	11/1/2017
Impact:	Tax Commission Data:
	FY-18 Preliminary Estimate:
	Revenue Increase of \$62.0 Million
	Annual Estimated Increase: \$288.0 Million

Research Analysis

Please see previous summary of this measure.

Prepared By: Marcia Goff

Fiscal Analysis

Prior analysis by the Tax Commission indicates from an increase of the tax rate from two percent (2%) to seven percent (7%) on all wells would result in an annual revenue increase of \$287,957,000 (combines oil and gas) and of \$82,611,667 in FY-18, assuming a January 1, 2018 effective date.

FY-18 revenue should be discounted as any increase could not become effective until February 1, 2018 pursuant to the provisions of Article V, Section 33 of the Oklahoma Constitution stating that revenue raising measures become effective “ninety (90) days after it has been approved by the Legislature and acted on by the Governor”. Under that timeline, the estimate of increased revenue might approach \$36,882,500 for oil and \$25,076,250 for gas, or a combined \$61,958,750.

Analysis of Increasing the 2% GP Rate for <u>ALL</u> Wells Effective January 1, 2018 (FY-2018)							
	<u>Oil</u>	<u>Annual Impact</u>	<u>FY18 Impact</u>		<u>Natural Gas</u>	<u>Annual Impact</u>	<u>FY18 Impact</u>
GP Tax @ 2%	\$59,012,000			GP Tax @ 2%	\$40,122,000		
GP Tax @ 7%	\$206,542,000	\$147,530,000	\$49,176,667	GP Tax @ 7%	\$140,427,000	\$100,305,000	\$33,435,000

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Other Considerations

None.