

BILL SUMMARY
1st Session of the 56th Legislature

Bill No.:	SB475
Version:	FA1
Request Number:	7559
Author:	Rep. Inman
Date:	4/24/2017
Impact:	Based on Prior Analysis By the Tax Commission:

Increase from 2.0% to 5.0% FY-18:
Oil - \$88.5 Million Gain
Gas - \$59.8 Million Gain

Under tax Commission Review

Research Analysis

Please see previous summary of this measure.

Prepared By: Marcia Goff

Fiscal Analysis

The Tax Commission has indicated, from prior analysis the FY-18 revenue estimates resulting from increasing the two percent (2.0%) gross production levy to five percent (5.0%), effective July 1, 2017 would increase gross production revenue in FY-18 by \$88,495,313 for oil and \$59,783,686 for gas. These estimates are based on all estimated production under the current 2.0% rate having a rate of 5.0% applied

The Commission is evaluating the revenue effects of a five percent gross production tax on the incentive-related production currently taxed at lower rates or receiving exempt treatment. Detailed estimates are pending, however examination of the various incentives found in the 2016 Tax Expenditure Report and revenue certification documents indicate the gross production tax on production at one percent (1.0%) is estimated at approximately \$41.0 million in FY-18. The rate increase could result in revenue increases of an estimated \$60.0 million.

Prepared By: Mark Tygret

Other Considerations

The Tax Commission is in the process of providing estimates specific to the elements of the amendment.