

# OKLAHOMA TAX COMMISSION

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

**DATE OF IMPACT STATEMENT:** January 22, 2018

**BILL NUMBER:** SB 1132 **STATUS AND DATE OF BILL:** Introduced 1/17/18

**AUTHORS:** House n/a Senate Paxton

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

**PROPOSAL:** Amendatory

SB 1132 proposes to amend 68 O.S. Section 1004, pertaining to the apportionment of gross production tax revenues associated with the two percent (2%) tax levy. The measure would reduce the amount of revenue being apportioned to the General Revenue Fund reducing it from fifty percent (50%) to forty-five percent (45%) and direct five percent (5%) be apportioned to incorporated cities or towns. If such taxable production did not occur within the boundaries of an incorporated city or town, the revenue would be apportioned to the county.

**EFFECTIVE DATE:** Upon passage and approval.

### REVENUE IMPACT:

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

FY 19: \$5,557,000 decrease to the General Revenue Fund with a like increase to incorporated cities, towns or counties

### ADMINISTRATIVE IMPACT:

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

FY 19: Unknown significant increase in Oklahoma Tax Commission costs

Feb 2, 2018  
DATE

Rick Miller  
DIVISION DIRECTOR

mjh

2-2-18  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

2-5-18  
DATE

Jim Mint  
FOR THE COMMISSION

## **Attachment to Fiscal Impact SB 1132 [Introduced] Prepared 1-22-18**

SB 1132 proposes to amend 68 O.S. Section 1004, pertaining to the apportionment of gross production tax revenues associated with the two percent (2%) tax levy. The measure would reduce the amount of revenue being apportioned to the General Revenue Fund by five percent (5%) and direct that such funds be apportioned to incorporated cities or towns. If such taxable production did not occur within the boundaries of an incorporated city or town, the revenue would be apportioned to the county.

The estimated revenue impact associated with this measure is as follows:

FY 19: \$3,187,375 decrease in GPT oil collections to the General Revenue Fund.  
\$2,369,417 decrease in GPT natural Gas Collections to the General Revenue Fund.  
\$3,187,375 increase in GPT oil collections to incorporated cities, towns or counties.  
\$2,369,417 increase in GPT natural Gas Collections to incorporated cities, towns or counties<sup>1</sup>.

In determining specific well locations as it relates to specific incorporated city or town boundaries, the apportionment of such revenues would require significant administrative changes under this proposal. Currently, the OTC does not have the data to determine whether a well is located within municipal boundaries.

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<sup>1</sup> Oklahoma Tax Commission – Revenue Forecast for FY 19 Issued December 14, 2017.