

# OKLAHOMA TAX COMMISSION

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

**DATE OF IMPACT STATEMENT:** January 30, 2017

**BILL NUMBER:** SB 475 **STATUS AND DATE OF BILL:** Introduced 1/19/17

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

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

**PROPOSAL:** Amendatory

This measure proposes to amend the amount of gross production tax levied upon oil from recovered or unknown sources, and requires the filing of certain reports for specified production and payment of taxes for such production.

**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 18: Unknown.

FY 19: Unknown.

### ADMINISTRATIVE IMPACT:

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

FY 18: None.

Feb. 4, 2017  
DATE

2-4-17  
DATE

2/6/17  
DATE

Rick Miller  
DIVISION DIRECTOR

Reece Womack  
REECE WOMACK, ECONOMIST

Don Carr  
FOR THE COMMISSION

mjh

**Attachment to Fiscal Impact-SB-0475 [Introduced] Prepared January 19, 2017**

SB 475 proposes to require operators of salt water disposal facilities, salt water recycling facilities, or oil recovery reclaiming facilities to file a report with the Tax Commission and pay the applicable production taxes upon oil recovered which is saved or sold from such facilities. The proposed report would reflect the volume of oil recovered, the amount saved and sold, the gross proceeds received from such sale, and an allocation of such oil identifying each source facility. A copy of the proposed report would be provided to each operator of the well(s) to which the oil was deemed to have been produced. The production and proceeds allocated to each producing well pursuant to this subsection shall be considered production and proceeds from the well(s) and be subject to the Production Revenue Standards Act.

As provided for in 68 O.S. § 1009, and Oklahoma Tax Commission Rule 710:45-15-4, 5 and 6, operators of salt water disposal facilities and reclaiming facilities are currently required to report and remit applicable gross production taxes on the sale of such oil referenced in SB 0475.

Therefore, there would be no additional revenue collected pursuant SB 475. However, striking the portion of O.S. 68 § 1003 (C), that levies the twelve and one-half percent (12 ½%) fee on oil recovered from salt water disposal facilities that is in excess of two percent (2%) of the volume of water handled could result in a loss of revenue.