

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 60th Legislature (2025)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1370

By: Boles of the House

and

7 Green of the Senate

8
9 COMMITTEE SUBSTITUTE

10 An Act relating to Corporation Commission plugging
11 fund; amending 17 O.S. 2021, Section 180.10, which
12 relates to the Corporation Commission plugging fund;
13 extending sunset; amending 68 O.S. 2021, Section
14 1103, which relates to excise tax on oil and gas;
15 modifying termination and start dates for certain
16 taxes; modifying sales tax amount; providing that a
17 certain percentage of the sales tax be credited and
18 apportioned to the Interstate Oil Compact Fund of
19 Oklahoma and the Corporation Commission Plugging
20 Fund; providing cap on amount apportioned to the
21 Corporation Commission Plugging Fund; providing an
22 effective date; and declaring an emergency.

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

24 SECTION 1. AMENDATORY 17 O.S. 2021, Section 180.10, is
amended to read as follows:

Section 180.10. A. There is hereby created in the State
Treasury a fund for the Corporation Commission to be designated the
"Corporation Commission Plugging Fund". The plugging fund shall

1 consist of monies received by the Corporation Commission as required
2 by law to be deposited to the credit of said fund. The fund shall
3 be a continuing fund not subject to fiscal year limitations and
4 shall not be subject to legislative appropriations. Expenditures
5 from the plugging fund shall be made pursuant to the laws of this
6 state and the statutes relating to the Corporation Commission. For
7 each fiscal year, the Commission may expend not more than eight
8 percent (8%) of the total amount deposited to the credit of the
9 plugging fund during the previous fiscal year for the purpose of
10 responding to occurrences of seeping natural gas as provided for in
11 Section 317.1 of Title 52 of the Oklahoma Statutes. In addition,
12 expenditures from the plugging fund may be made pursuant to the
13 Oklahoma Central Purchasing Act, Section 85.1 et seq. of Title 74 of
14 the Oklahoma Statutes, for purposes of immediately responding to
15 emergency situations, within the Commission's jurisdiction, having
16 potentially critical environmental or public safety impact.
17 Warrants for expenditures from the fund shall be drawn by the State
18 Treasurer, based on claims signed by an authorized employee of the
19 Corporation Commission and approved for payment by the Director of
20 the Office of Management and Enterprise Services. The provisions of
21 this act or rules promulgated pursuant thereto, shall not be
22 construed to relieve or in any way diminish the surety bonding
23 requirements required by Section 318.1 of Title 52 of the Oklahoma
24 Statutes.

1 B. Prior to July 1, ~~2026~~ 2031, the plugging fund shall be
2 maintained at Five Million Dollars (\$5,000,000.00). If the plugging
3 fund falls below the five-million-dollar maintenance level, the
4 Corporation Commission shall notify the Tax Commission that the
5 plugging fund has fallen below the required maintenance level and
6 that the excise tax which has been levied by subsection A of Section
7 1101 of Title 68 of the Oklahoma Statutes and subsection A of
8 Section 1102 of Title 68 of the Oklahoma Statutes which is credited
9 and apportioned to the Corporation Commission Plugging Fund pursuant
10 to Section 1103 of Title 68 of the Oklahoma Statutes is to be
11 imposed. Such additional excise tax shall be imposed and collected
12 until such time as is necessary to meet the additional five-million-
13 dollar maintenance level. The Tax Commission shall notify the
14 persons responsible for payment of the excise tax on oil and gas of
15 the imposition of such tax. The provisions of this subsection shall
16 terminate on July 1, ~~2026~~ 2031.

17 SECTION 2. AMENDATORY 68 O.S. 2021, Section 1103, is
18 amended to read as follows:

19 Section 1103. A. 1. Prior to July 1, ~~2026~~ 2025, and as
20 provided in Section 1103.1 of this title, all monies derived from
21 the levy of the excise tax on petroleum oil provided for by Section
22 1101 of this title shall be deposited with the State Treasurer, who
23 shall credit and apportion the same as follows:
24

- a. eighty-two and six hundred thirty-four thousandths percent (82.634%) of said excise tax shall be credited to the General Revenue Fund of the State Treasury; provided, in each fiscal year beginning on or after July 1, 2013, the first One Million Three Hundred Fifty Thousand Dollars (\$1,350,000.00) which would otherwise have been apportioned to the General Revenue Fund pursuant to this subparagraph shall be transferred to the Oil and Gas Division Revolving Fund of the Oklahoma Corporation Commission,
- b. ten and five hundred twenty-six thousandths percent (10.526%) shall be credited and apportioned to a separate and distinct fund to be known as the "Corporation Commission Plugging Fund", and
- c. the remaining six and eighty-four hundredths percent (6.84%) of said excise tax shall be credited and apportioned to a separate and distinct fund to be known as "The Interstate Oil Compact Fund of Oklahoma", which fund is hereby created.

2. Prior to July 1, ~~2026~~ 2025, and as provided in Section 1103.1 of this title, all monies derived from the levy of the excise tax on natural gas and/or casinghead gas provided for by Section 1102 of this title shall be deposited with the State Treasurer, who shall credit and apportion the same as follows:

- a. eighty-two and six thousand forty-five ten thousandths percent (82.6045%) of said excise tax shall be credited to the General Revenue Fund of the State Treasury; provided, in each fiscal year beginning on or after July 1, 2013, the first One Million Three Hundred Fifty Thousand Dollars (\$1,350,000.00) which would otherwise have been apportioned to the General Revenue Fund pursuant to this subparagraph shall be transferred to the Oil and Gas Division Revolving Fund of the Oklahoma Corporation Commission,
- b. ten and five thousand five hundred fifty-five ten thousandths percent (10.5555%) shall be credited and apportioned to the Corporation Commission Plugging Fund, and
- c. six and eighty-four hundredths percent (6.84%) of said excise tax shall be credited and apportioned to The Interstate Oil Compact Fund of Oklahoma.

3. Prior to July 1, ~~2026~~ 2025, and as provided in Section 1103.1 of this title, all monies to accrue to The Interstate Oil Compact Fund of Oklahoma under the provisions of this article, together with all monies remaining unexpended in The Interstate Oil Compact Fund of Oklahoma created under this subsection are hereby appropriated and shall be used for the payment of the compensation of the assistant representative of the State of Oklahoma on The

1 Interstate Oil Compact Commission, the compensation of such
2 clerical, technical and legal assistants as he or she may with the
3 consent of the Governor employ; the actual and necessary traveling
4 expenses of the assistant representative and employees, and of the
5 Governor when traveling in the Governor's capacity as official
6 representative of the State of Oklahoma on The Interstate Oil
7 Compact Commission; all items of office expense including the cost
8 of office supplies and equipment; such contributions as the Governor
9 shall deem necessary and proper to pay to The Interstate Oil Compact
10 Commission to defray its expenses; and such other necessary expenses
11 as may be incurred in enabling the State of Oklahoma to fully
12 cooperate in accomplishing the objects of the Interstate Compact to
13 conserve oil and gas. The fund shall be disbursed by the State
14 Treasurer upon sworn, itemized claims approved by the assistant
15 representative and the Governor; provided, that if at the end of any
16 fiscal year any part of the special fund shall remain unexpended,
17 such balance shall be transferred by the State Treasurer to, and
18 become a part of, the General Revenue Fund of the state for the
19 ensuing fiscal year. Provided, further, that if the State of
20 Oklahoma withdraws from the Interstate Compact to conserve oil and
21 gas, any unencumbered monies in The Interstate Oil Compact Fund of
22 Oklahoma shall be transferred to and become a part of the General
23 Revenue Fund of the State Treasury and thereafter the excise tax on
24 petroleum oil, natural gas and/or casinghead gas levied by this

1 article shall be levied, collected and deposited in the General
2 Revenue Fund of the State Treasury.

3 4. All monies to accrue to the Corporation Commission Plugging
4 Fund are hereby appropriated and shall be used for payment of
5 expenses related to the statutory purpose of the fund.

6 The provisions of this subsection shall terminate on June 30,
7 ~~2026~~ 2025.

8 B. 1. Beginning on July 1, ~~2026~~ 2025, all monies derived from
9 the levy of the excise tax on petroleum oil provided for by Section
10 1101 of this title shall be deposited with the State Treasurer, who
11 shall credit and apportion the same as follows:

12 a. seven and sixty-five hundredths percent (7.65%) shall
13 be credited and apportioned to the Interstate Oil
14 Compact Fund of Oklahoma, and

15 b. ninety-two and thirty-five hundredths percent (92.35%)
16 of said excise tax shall be credited and apportioned
17 to the General Revenue Fund of the State Treasury;
18 provided, in each fiscal year beginning on or after
19 July 1, ~~2013~~ 2025, the first One Million Three Hundred
20 Fifty Thousand Dollars (\$1,350,000.00) which would
21 otherwise have been apportioned to the General Revenue
22 Fund pursuant to this subparagraph shall instead be
23 transferred to the Oil and Gas Division Revolving Fund
24 of the Oklahoma Corporation Commission, and second an

1 amount up to Ten Million Dollars (\$10,000,000.00)
2 shall be transferred to the Corporation Commission
3 Plugging Fund.

4 ~~b. the remaining seven and sixty-five hundredths percent~~
5 ~~(7.65%) of said excise tax shall be credited and~~
6 ~~apportioned to a separate and distinct fund to be~~
7 ~~known as "The Interstate Oil Compact Fund of~~
8 ~~Oklahoma", which fund is hereby created.~~

9 2. Beginning on July 1, ~~2026~~ 2025, all monies derived from the
10 levy of the excise tax on natural gas and/or casinghead gas provided
11 for by Section 1102 of this title shall be deposited with the State
12 Treasurer, who shall credit and apportion the same as follows:

13 a. seven and sixty-five hundredths percent (7.65%) shall
14 be credited and apportioned to the Interstate Oil
15 Compact Fund of Oklahoma, and

16 **b.** ninety-two and thirty-five hundredths percent (92.35%)
17 of said excise tax shall be credited and apportioned
18 to the General Revenue Fund of the State Treasury;
19 provided, in each fiscal year beginning on or after
20 July 1, ~~2013~~ 2025, the first One Million Three Hundred
21 Fifty Thousand Dollars (\$1,350,000.00) which would
22 otherwise have been apportioned to the General Revenue
23 Fund pursuant to this subparagraph shall instead be
24 transferred to the Oil and Gas Division Revolving Fund

1 of the Oklahoma Corporation Commission, and second an
2 amount up to Ten Million Dollars (\$10,000,000.00)
3 shall be transferred to the Corporation Commission
4 Plugging Fund.

5 ~~b. seven and sixty-five hundredths percent (7.65%) of~~
6 ~~said excise tax shall be credited and apportioned to~~
7 ~~The Interstate Oil Compact Fund of Oklahoma.~~

8 3. Beginning on July 1, ~~2026~~ 2025, all monies to accrue to The
9 Interstate Oil Compact Fund of Oklahoma under the provisions of this
10 article, together with all monies remaining unexpended in The
11 Interstate Oil Compact Fund of Oklahoma created under this
12 subsection are hereby appropriated and shall be used for the payment
13 of the compensation of the assistant representative of the State of
14 Oklahoma on The Interstate Oil Compact Commission, the compensation
15 of such clerical, technical and legal assistants as he or she may
16 with the consent of the Governor employ; the actual and necessary
17 traveling expenses of the assistant representative and employees,
18 and of the Governor when traveling in the Governor's capacity as
19 official representative of the State of Oklahoma on The Interstate
20 Oil Compact Commission; all items of office expense including the
21 cost of office supplies and equipment; such contributions as the
22 Governor shall deem necessary and proper to pay to The Interstate
23 Oil Compact Commission to defray its expenses; and such other
24 necessary expenses as may be incurred in enabling the State of

Oklahoma to fully cooperate in accomplishing the objects of the Interstate Compact to conserve oil and gas. The fund shall be disbursed by the State Treasurer upon sworn, itemized claims approved by the assistant representative and the Governor; provided, that if at the end of any fiscal year any part of the special fund shall remain unexpended, such balance shall be transferred by the State Treasurer to, and become a part of, the General Revenue Fund of the State Treasury for the ensuing fiscal year. Provided, further, that if the State of Oklahoma withdraws from the Interstate Compact to conserve oil and gas, any unencumbered monies in The Interstate Oil Compact Fund of Oklahoma shall be transferred to and become a part of the General Revenue Fund of the State Treasury and thereafter the excise tax on petroleum oil, natural gas and/or casinghead gas levied by this article shall be levied, collected and deposited in the General Revenue Fund of the State Treasury.

SECTION 3. This act shall become effective July 1, 2025.

SECTION 4. It being immediately necessary for the preservation of the public peace, health or safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

COMMITTEE REPORT BY: COMMITTEE ON ENERGY AND NATURAL RESOURCES
OVERSIGHT, dated 02/26/2025 - DO PASS, As Amended.