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February 9, 2026

By: Bergstrom

An Act relating to excise tax; amending 68 O.S. 2021, Sections 1101, 1102, and 1103, which relate to the additional tax on oil and gas; extending sunset of tax rate and apportionment; updating statutory language; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 1101, is amended to read as follows:

Section 1101. A. Prior to July 1, ~~2026~~ 2031, and as provided in Section 1103.1 of this title, there is hereby levied, in addition to the gross production tax, an excise tax equal to ninety-five one thousandths of one percent (.095 of 1%) of the gross value on each barrel of petroleum oil produced in this state which is subject to gross production tax in this state. Such excise tax of ninety-five one thousandths of one percent (.095 of 1%) of the gross value shall be reported to and collected by the Oklahoma Tax Commission at the same time and in the same manner as is provided by law for the collection of gross production tax on petroleum oil. On petroleum oil sold at the time of production, the excise tax thereon shall be

1 paid by the purchaser, who is hereby authorized to deduct in making
2 settlement with the producer and/or royalty owner the amount of tax
3 so paid; provided, that in the event oil on which such tax becomes
4 due is not sold at the time of production, but is retained by the
5 producer, the tax on such oil not so sold shall be paid by the
6 producer including the tax due on royalty oil not sold; and
7 provided~~7~~ further, that in settlement with the royalty owner, such
8 producer shall have the right to deduct the amount of tax so paid on
9 royalty oil, or to deduct therefrom royalty oil equivalent in value
10 at the time such tax becomes due with the amount of tax paid.

11 The provisions of this subsection shall terminate on June 30,
12 ~~2026~~ 2031.

13 B. Beginning on July 1, ~~2026~~ 2031, there is hereby levied, in
14 addition to the gross production tax, an excise tax equal to eighty-
15 five one thousandths of one percent (.085 of 1%) of the gross value
16 on each barrel of petroleum oil produced in this state which is
17 subject to gross production tax in this state. Such excise tax of
18 eighty-five one thousandths of one percent (.085 of 1%) of the gross
19 value shall be reported to and collected by the Tax Commission at
20 the same time and in the same manner as is provided by law for the
21 collection of gross production tax on petroleum oil. On petroleum
22 oil sold at the time of production, the excise tax thereon shall be
23 paid by the purchaser, who is hereby authorized to deduct in making
24 settlement with the producer and/or royalty owner the amount of tax

1 so paid; provided, that in the event oil on which such tax becomes
2 due is not sold at the time of production, but is retained by the
3 producer, the tax on such oil not so sold shall be paid by the
4 producer including the tax due on royalty oil not sold; and
5 provided~~7~~ further, that in settlement with the royalty owner, such
6 producer shall have the right to deduct the amount of tax so paid on
7 royalty oil, or to deduct therefrom royalty oil equivalent in value
8 at the time such tax becomes due with the amount of tax paid.

9 SECTION 2. AMENDATORY 68 O.S. 2021, Section 1102, is
10 amended to read as follows:

11 Section 1102. A. Prior to July 1, ~~2026~~ 2031, and as provided
12 in Section 1103.1 of this title, there is hereby levied, in addition
13 to the gross production tax, an excise tax equal to ninety-five one
14 thousandths of one percent (.095 of 1%) of the gross value of all
15 natural gas and/or casinghead gas produced in this state which is
16 subject to gross production tax in this state. Such excise tax of
17 ninety-five one thousandths of one percent (.095 of 1%) of the gross
18 value shall be reported to and collected by the Oklahoma Tax
19 Commission at the same time and in the same manner as is provided by
20 law for the collection of gross production tax on natural gas and/or
21 casinghead gas, and this excise tax shall apply in all cases where
22 the gross production tax provided for by law applies to the
23 production of natural gas and/or casinghead gas. The excise tax
24 shall be paid by the purchaser, who is hereby authorized to deduct

1 in making settlement with the producer and/or royalty owner the
2 amount of tax so paid; provided, however, that if such natural gas
3 and/or casinghead gas is retained by the producer, then the tax
4 shall be paid by the producer, who shall have the right to deduct
5 the amount of tax so paid on royalty gas at the time of settlement
6 with the royalty owner.

7 The provisions of this subsection shall terminate on June 30,
8 ~~2026~~ 2031.

9 B. Beginning on July 1, ~~2026~~ 2031, there is hereby levied, in
10 addition to the gross production tax, an excise tax equal to eighty-
11 five one thousandths of one percent (.085 of 1%) of the gross value
12 of all natural gas and/or casinghead gas produced in this state
13 which is subject to gross production tax in this state. Such excise
14 tax of eighty-five one thousandths of one percent (.085 of 1%) of
15 the gross value shall be reported to and collected by the Tax
16 Commission at the same time and in the same manner as is provided by
17 law for the collection of gross production tax on natural gas and/or
18 casinghead gas, and this excise tax shall apply in all cases where
19 the gross production tax provided for by law applies to the
20 production of natural gas and/or casinghead gas. The excise tax
21 shall be paid by the purchaser, who is hereby authorized to deduct
22 in making settlement with the producer and/or royalty owner the
23 amount of tax so paid; provided, however, that if such natural gas
24 and/or casinghead gas is retained by the producer, then the tax

1 shall be paid by the producer, who shall have the right to deduct
2 the amount of tax so paid on royalty gas at the time of settlement
3 with the royalty owner.

4 SECTION 3. AMENDATORY 68 O.S. 2021, Section 1103, is
5 amended to read as follows:

6 Section 1103. A. 1. Prior to July 1, ~~2026~~ 2031, and as
7 provided in Section 1103.1 of this title, all monies derived from
8 the levy of the excise tax on petroleum oil provided for by Section
9 1101 of this title shall be deposited with the State Treasurer, who
10 shall credit and apportion the same as follows:

11 a. eighty-two and six hundred thirty-four thousandths
12 percent (82.634%) of ~~said~~ the excise tax shall be
13 credited to the General Revenue Fund of the State
14 Treasury; provided, in each fiscal year beginning on
15 or after July 1, 2013, the first One Million Three
16 Hundred Fifty Thousand Dollars (\$1,350,000.00) which
17 would otherwise have been apportioned to the General
18 Revenue Fund pursuant to this subparagraph shall be
19 transferred to the Oil and Gas Division Revolving Fund
20 of the ~~Oklahoma~~ Corporation Commission,

21 b. ten and five hundred twenty-six thousandths percent
22 (10.526%) shall be credited and apportioned to a
23 separate and distinct fund to be known as the
24 "Corporation Commission Plugging Fund", and

1 c. the remaining six and eighty-four hundredths percent
2 (6.84%) of ~~said~~ the excise tax shall be credited and
3 apportioned to a separate and distinct fund to be
4 known as "The Interstate Oil Compact Fund of
5 Oklahoma", which fund is hereby created.

6 2. Prior to July 1, ~~2026~~ 2031, and as provided in Section
7 1103.1 of this title, all monies derived from the levy of the excise
8 tax on natural gas and/or casinghead gas provided for by Section
9 1102 of this title shall be deposited with the State Treasurer, who
10 shall credit and apportion the same as follows:

11 a. eighty-two and six thousand forty-five ten thousandths
12 percent (82.6045%) of ~~said~~ the excise tax shall be
13 credited to the General Revenue Fund of the State
14 Treasury; provided, in each fiscal year beginning on
15 or after July 1, 2013, the first One Million Three
16 Hundred Fifty Thousand Dollars (\$1,350,000.00) which
17 would otherwise have been apportioned to the General
18 Revenue Fund pursuant to this subparagraph shall be
19 transferred to the Oil and Gas Division Revolving Fund
20 of the ~~Oklahoma~~ Corporation Commission,

21 b. ten and five thousand five hundred fifty-five ten
22 thousandths percent (10.5555%) shall be credited and
23 apportioned to the Corporation Commission Plugging
24 Fund, and

1 c. six and eighty-four hundredths percent (6.84%) of ~~said~~
2 the excise tax shall be credited and apportioned to
3 The Interstate Oil Compact Fund of Oklahoma.

4 3. Prior to July 1, ~~2026~~ 2031, and as provided in Section
5 1103.1 of this title, all monies to accrue to The Interstate Oil
6 Compact Fund of Oklahoma under the provisions of this article,
7 together with all monies remaining unexpended in The Interstate Oil
8 Compact Fund of Oklahoma created under this subsection, are hereby
9 appropriated and shall be used for the payment of the compensation
10 of the assistant representative of the State of Oklahoma on The
11 Interstate Oil Compact Commission, the compensation of such
12 clerical, technical and legal assistants as he or she may with the
13 consent of the Governor employ; the actual and necessary traveling
14 expenses of the assistant representative and employees, and of the
15 Governor when traveling in the Governor's capacity as official
16 representative of the State of Oklahoma on The Interstate Oil
17 Compact Commission; all items of office expense including the cost
18 of office supplies and equipment; such contributions as the Governor
19 shall deem necessary and proper to pay to The Interstate Oil Compact
20 Commission to defray its expenses; and such other necessary expenses
21 as may be incurred in enabling the State of Oklahoma to fully
22 cooperate in accomplishing the objects of the Interstate Compact to
23 conserve oil and gas. The fund shall be disbursed by the State
24 Treasurer upon sworn, itemized claims approved by the assistant

1 representative and the Governor; provided, that if at the end of any
2 fiscal year any part of the special fund shall remain unexpended,
3 such balance shall be transferred by the State Treasurer to, and
4 become a part of, the General Revenue Fund of the state for the
5 ensuing fiscal year. Provided~~7~~, further, that if the State of
6 Oklahoma withdraws from the Interstate Compact to conserve oil and
7 gas, any unencumbered monies in The Interstate Oil Compact Fund of
8 Oklahoma shall be transferred to and become a part of the General
9 Revenue Fund of the State Treasury and thereafter the excise tax on
10 petroleum oil, natural gas and/or casinghead gas levied by this
11 article shall be levied, collected and deposited in the General
12 Revenue Fund of the State Treasury.

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

16 The provisions of this subsection shall terminate on June 30,
17 ~~2026~~ 2031.

18 B. 1. Beginning on July 1, ~~2026~~ 2031, all monies derived from
19 the levy of the excise tax on petroleum oil provided for by Section
20 1101 of this title shall be deposited with the State Treasurer, who
21 shall credit and apportion the same as follows:

22 a. ninety-two and thirty-five hundredths percent (92.35%)
23 of ~~said~~ the excise tax shall be credited and
24 apportioned to the General Revenue Fund of the State

1 Treasury; provided, in each fiscal year beginning on
2 or after July 1, 2013, the first One Million Three
3 Hundred Fifty Thousand Dollars (\$1,350,000.00) which
4 would otherwise have been apportioned to the General
5 Revenue Fund pursuant to this subparagraph shall be
6 transferred to the Oil and Gas Division Revolving Fund
7 of the ~~Oklahoma~~ Corporation Commission, and

- 8 b. the remaining seven and sixty-five hundredths percent
9 (7.65%) of ~~said~~ the excise tax shall be credited and
10 apportioned to a separate and distinct fund to be
11 known as "The Interstate Oil Compact Fund of
12 Oklahoma", which fund is hereby created.

13 2. Beginning on July 1, ~~2026~~ 2031, all monies derived from the
14 levy of the excise tax on natural gas and/or casinghead gas provided
15 for by Section 1102 of this title shall be deposited with the State
16 Treasurer, who shall credit and apportion the same as follows:

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

1 transferred to the Oil and Gas Division Revolving Fund
2 of the ~~Oklahoma~~ Corporation Commission, and

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

6 3. Beginning on July 1, ~~2026~~ 2031, all monies to accrue to The
7 Interstate Oil Compact Fund of Oklahoma under the provisions of this
8 article, together with all monies remaining unexpended in The
9 Interstate Oil Compact Fund of Oklahoma created under this
10 subsection, are hereby appropriated and shall be used for the
11 payment of the compensation of the assistant representative of the
12 State of Oklahoma on The Interstate Oil Compact Commission, the
13 compensation of such clerical, technical and legal assistants as he
14 or she may with the consent of the Governor employ; the actual and
15 necessary traveling expenses of the assistant representative and
16 employees, and of the Governor when traveling in the Governor's
17 capacity as official representative of the State of Oklahoma on The
18 Interstate Oil Compact Commission; all items of office expense
19 including the cost of office supplies and equipment; such
20 contributions as the Governor shall deem necessary and proper to pay
21 to The Interstate Oil Compact Commission to defray its expenses; and
22 such other necessary expenses as may be incurred in enabling the
23 State of Oklahoma to fully cooperate in accomplishing the objects of
24 the Interstate Compact to conserve oil and gas. The fund shall be

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

14 SECTION 4. This act shall become effective July 1, 2026.

15 SECTION 5. It being immediately necessary for the preservation
16 of the public peace, health or safety, an emergency is hereby
17 declared to exist, by reason whereof this act shall take effect and
18 be in full force from and after its passage and approval.

19 COMMITTEE REPORT BY: COMMITTEE ON REVENUE AND TAXATION
February 9, 2026 - DO PASS
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