

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 1280

By: Bergstrom

AS INTRODUCED

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

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

12 The provisions of this subsection shall terminate on June 30,
13 ~~2026~~ 2031.

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

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

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

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

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

8 The provisions of this subsection shall terminate on June 30,
9 ~~2026~~ 2031.

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

1 and/or casinghead gas is retained by the producer, then the tax
2 shall be paid by the producer, who shall have the right to deduct
3 the amount of tax so paid on royalty gas at the time of settlement
4 with the royalty owner.

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

7 Section 1103. A. 1. Prior to July 1, ~~2026~~ 2031, and as
8 provided in Section 1103.1 of this title, 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. eighty-two and six hundred thirty-four thousandths
13 percent (82.634%) of ~~said~~ the excise tax shall be
14 credited to the General Revenue Fund of the State
15 Treasury; provided, in each fiscal year beginning on
16 or after July 1, 2013, the first One Million Three
17 Hundred Fifty Thousand Dollars (\$1,350,000.00) which
18 would otherwise have been apportioned to the General
19 Revenue Fund pursuant to this subparagraph shall be
20 transferred to the Oil and Gas Division Revolving Fund
21 of the ~~Oklahoma~~ Corporation Commission,
- 22 b. ten and five hundred twenty-six thousandths percent
23 (10.526%) shall be credited and apportioned to a
24

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

8 2. Prior to July 1, ~~2026~~ 2031, and as provided in Section
9 1103.1 of this title, all monies derived from the levy of the excise
10 tax on natural gas and/or casinghead gas provided for by Section
11 1102 of this title shall be deposited with the State Treasurer, who
12 shall credit and apportion the same as follows:

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

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

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

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

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

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

18 The provisions of this subsection shall terminate on June 30,
19 ~~2026~~ 2031.

20 B. 1. Beginning on July 1, ~~2026~~ 2031, 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:
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- 1 a. ninety-two and thirty-five hundredths percent (92.35%)
2 of ~~said~~ the excise tax shall be credited and
3 apportioned to the General Revenue Fund of the State
4 Treasury; provided, in each fiscal year beginning on
5 or after July 1, 2013, the first One Million Three
6 Hundred Fifty Thousand Dollars (\$1,350,000.00) which
7 would otherwise have been apportioned to the General
8 Revenue Fund pursuant to this subparagraph shall be
9 transferred to the Oil and Gas Division Revolving Fund
10 of the ~~Oklahoma~~ Corporation Commission, and
11 b. the remaining seven and sixty-five hundredths percent
12 (7.65%) of ~~said~~ the excise tax shall be credited and
13 apportioned to a separate and distinct fund to be
14 known as "The Interstate Oil Compact Fund of
15 Oklahoma", which fund is hereby created.

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

- 20 a. ninety-two and thirty-five hundredths percent (92.35%)
21 of ~~said~~ the excise tax shall be credited and
22 apportioned to the General Revenue Fund of the State
23 Treasury; provided, in each fiscal year beginning on
24 or after July 1, 2013, the first One Million Three
25

1 Hundred Fifty Thousand Dollars (\$1,350,000.00) which
2 would otherwise have been apportioned to the General
3 Revenue Fund pursuant to this subparagraph shall be
4 transferred to the Oil and Gas Division Revolving Fund
5 of the ~~Oklahoma~~ Corporation Commission, and

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

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

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

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

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

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