



BILL/VERSION: SB 311 / INTRODUCED

ANALYST: EC

AUTHORS: Sen. Deevers

DATE: 1/20/2025

TAX(ES): Gross Production Tax

SUBJECT(S): Tax Rate Decrease

EFFECTIVE DATE: November 1, 2025

Emergency

ESTIMATED REVENUE IMPACT:

FY26:

Oil: approx. **\$58.9 million decrease** in GRF revenue (20% decrease).

Natural Gas: approx. **\$67.1 million decrease** in GRF revenue (16% decrease).

FY27:

Oil: approx. **\$80.5 million decrease** in GRF revenue (33% decrease).

Natural Gas: approx. **\$115.5 million decrease** in GRF revenue (22% decrease).

Impact on Apportionment: (see attached for all funds)

FY26: Total apportionment, across all funds, decreases by approx. \$63.0 million (-11%) attributable to oil, and approx. \$67.8 million (-13%) attributable to natural gas.

FY27: Total apportionment, across all funds, decreases by approx. \$86.2 million (-17%) attributable to oil and approx. \$116.5 million (-19%) attributable to natural gas.

ANALYSIS: The measure proposes to reduce the 7% gross production tax rate to 5%. Currently, the Gross Production Tax Code provides for two tax rates. Qualified new production is taxed at 5% for the first 36 months of production, and all subsequent production is taxed at 7%. See attached for details.

1/21/25

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

1/21/25

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

2/19/25

DATE

Joseph P. Gappa

JOSEPH P. GAPPA, FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.



ADDITIONAL INFORMATION:

The FY26 and FY27 General Revenue Fund (GRF) estimates, as estimated for the February 2025 Board of Equalization meeting, were used to assess the impact of a proposed 2% reduction to the current 7% gross production tax rate. The proposed reduction was only applied to the 7% rate and the apportionment shares were modified to reflect current shares at the 5% rate. The existing 5% gross production tax rate and all other current shares of apportionment were held constant.

Pursuant to these assumptions, if the 7% gross production tax rate decreased by 2%, the FY26 GRF revenue would decrease by an estimated \$58.9 million (-20%) attributable to oil, and \$67.1 million (-16%) attributable to natural gas. The GRF revenue in FY27 would decrease by an estimated \$80.5 million (-33%) attributable to oil, and \$115.5 million (-22%) attributable to gas.

Overall apportionment (as shown in the table below) in FY26 would decrease by an estimated \$63.0 million (-11%) attributable to oil, and \$67.8 million (-13%) attributable to gas. In FY27, overall apportionment would decrease by about \$86.2 million (-17%) attributable to oil, and \$116.5 million (-19%) attributable to gas.

APPORTIONMENT IMPACT BY FUND

	FY-2026 Estimates				FY-2027 Estimates			
	BOE (Feb-25)	Fund Reduction (-2% to 7% rate)	Net-Reduction	Change	BOE (Feb-25)	Fund Reduction (-2% to 7% rate)	Net-Reduction	Change
OIL								
All Uncapped Funds	115,864,000	(4,125,000)	111,739,000	-4%	103,903,000	(5,722,000)	98,181,000	-6%
Common Ed Tech Fund	47,154,276	(227,000)	46,927,374	0%	47,154,276	(227,000)	46,927,374	0%
Higher Ed Capital Fund	47,154,276	(227,000)	46,927,374	0%	47,154,276	(227,000)	46,927,374	0%
OK Student Aid Fund	47,154,276	(227,000)	46,927,374	0%	47,154,276	(227,000)	46,927,374	0%
Treasurer Funds	8,537,171	681,000	9,217,877	8%	8,537,171	681,000	9,217,877	8%
General Revenue Fund (GRF)	291,432,000	(58,899,000)	232,533,280	-20%	245,672,000	(80,458,000)	165,214,056	-33%
Total	\$ 557,296,000	\$ (63,024,000)	\$494,272,000	-11%	\$ 499,575,000	\$ (86,180,000)	\$413,395,000	-17%
NATURAL GAS								
County Highway Fund	41,722,000	(327,000)	41,395,000	-1%	51,701,000	(489,000)	51,212,000	-1%
County School Districts	41,722,000	(327,000)	41,395,000	-1%	51,701,000	(489,000)	51,212,000	-1%
General Revenue Fund (GRF)	423,426,000	(67,133,000)	356,293,000	-16%	525,232,000	(115,538,000)	409,694,000	-22%
Total	\$ 506,870,000	\$ (67,787,000)	\$439,083,000	-13%	\$ 628,634,000	\$ (116,516,000)	\$512,118,000	-19%
GRAND TOTAL - OIL & NATURAL GAS	\$1,064,166,000	\$ (130,811,000)	\$933,355,000	-12%	\$1,128,209,000	\$ (202,696,000)	\$925,513,000	-18%