GROSS PRODUCTION & PETROLEUM EXCISE TAXES

HB 1995 – Effective July 1, 2017

Amends 52 O.S. Section 288.3 by extending the sunset provision for the Oklahoma Energy Resources Board from July 1, 2017 to July 1, 2021.

To fund the activities of the Oklahoma Energy Resources Board, an assessment is levied in the amount of one-tenth of one percent (1/10 of 1%) of the gross revenues received at the wellhead for oil, natural gas, casinghead gas or condensate produced from each well in the State of Oklahoma. This assessment is deducted from the proceeds of production by the person remitting gross production tax to the Oklahoma Tax Commission.

HB 2377 – Effective July 1, 2017

Section 1
Amends 68 O.S. Section 1001 by changing the sunset date for the qualification of various gross production tax incentive exemptions to July 1, 2017, and permanently suspending the remaining term periods for such incentives for production on or after July 1, 2017.

The gross production tax incentive exemptions are as follows:

(1) Enhanced Oil Recovery (2) Re-established Production (3) Production Enhancement (4) Deep Well (5) 3-D Seismic (6) New Discovery.

The amendment requires that the incentive rebates that have qualified for production periods prior to July 1, 2017, shall be claimed no later than eighteen (18) months from the first day of the fiscal year in which the refund is first available, or September 30, 2017, whichever is sooner.

Also provides for the suspension of the payment of all incentive rebate claims for fiscal year 2018. Such rebate claims shall be paid in equal payments over a period of thirty-six (36) months. The first payment shall be made in the month of July 2018.

Section 2
Amends 68 O.S. Section 1001.3a by changing the sunset date for the qualification of the economically at-risk rebate ending with calendar year 2016. The amendment changes the claim period, wherein the Tax Commission shall not accept or pay any claim for refund filed on or after July 1, 2017, for such period.

Also provides that claims for production periods ending on or before December 31, 2016, shall be paid in equal payments over a thirty-six (36) month period beginning the month of July 2018.

HB 2429 – Effective July 1, 2017

Amends 68 O.S. Section 1001, providing for an increase to the gross production incentive levy from the current one percent (1%) to four percent (4%) effective July 1, 2017.

Prior to such amendments, Oklahoma statutes provided for a gross production incentive levy of one percent (1%) for the production of oil and or natural gas produced from wells that were certified as being horizontally drilled prior to July 1, 2015. The incentive levy had a term period of forty-eight (48) months from the date of first sales from such wells.

HB 2429 amends the incentive levy from one percent (1%) to four percent (4%) effective with the production month of July 2017, and shall apply for the remainder of a well’s incentive term.