

1 ENGROSSED SENATE
2 BILL NO. 1059

By: Thompson and Hall of the
Senate

3 and

4 Wallace, Hilbert and Newton
5 of the House

6
7 An Act relating to the Corporation Commission
8 Plugging Fund; amending 17 O.S. 2011, Section 180.10,
9 as last amended by Section 1, Chapter 153, O.S.L.
10 2016 (17 O.S. Supp. 2020, Section 180.10), which
11 relates to the Corporation Commission Plugging Fund;
12 modifying certain termination date for plugging fund;
13 amending 68 O.S. 2011, Sections 1101 and 1102, as
14 amended by Sections 2 and 3, Chapter 153, O.S.L.
15 2016, and 1103, as last amended by Section 4, Chapter
16 153, O.S.L. 2016 (68 O.S. Supp. 2020, Sections 1101,
17 1102 and 1103), which relate to the excise tax on oil
18 and gas; extending termination date for certain
19 taxes; providing an effective date; and declaring an
20 emergency.

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

22 SECTION 1. AMENDATORY 17 O.S. 2011, Section 180.10, as
23 last amended by Section 1, Chapter 153, O.S.L. 2016 (17 O.S. Supp.
24 2020, 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
consist of monies received by the Corporation Commission as required
by law to be deposited to the credit of said fund. The fund shall

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

23 B. Prior to July 1, ~~2021~~ 2026, the plugging fund shall be
24 maintained at Five Million Dollars (\$5,000,000.00). If the plugging

1 fund falls below the five-million-dollar maintenance level, the
2 Corporation Commission shall notify the Tax Commission that the
3 plugging fund has fallen below the required maintenance level and
4 that the excise tax which has been levied by subsection A of Section
5 1101 of Title 68 of the Oklahoma Statutes and subsection A of
6 Section 1102 of Title 68 of the Oklahoma Statutes which is credited
7 and apportioned to the Corporation Commission Plugging Fund pursuant
8 to Section 1103 of Title 68 of the Oklahoma Statutes is to be
9 imposed. Such additional excise tax shall be imposed and collected
10 until such time as is necessary to meet the additional five-million-
11 dollar maintenance level. The Tax Commission shall notify the
12 persons responsible for payment of the excise tax on oil and gas of
13 the imposition of such tax. The provisions of this subsection shall
14 terminate on July 1, ~~2021~~ 2026.

15 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1101, as
16 amended by Section 2, Chapter 153, O.S.L. 2016 (68 O.S. Supp. 2020,
17 Section 1101), is amended to read as follows:

18 Section 1101. A. Prior to July 1, ~~2021~~ 2026, and as provided
19 in Section 1103.1 of this title, there is hereby levied, in addition
20 to the gross production tax, an excise tax equal to ninety-five one
21 thousandths of one percent (.095 of 1%) of the gross value on each
22 barrel of petroleum oil produced in ~~the State of Oklahoma~~ this state
23 which is subject to gross production tax in ~~the State of Oklahoma~~
24 this state. Such excise tax of ninety-five one thousandths of one

1 percent (.095 of 1%) of the gross value shall be reported to and
2 collected by the Tax Commission at the same time and in the same
3 manner as is provided by law for the collection of gross production
4 tax on petroleum oil. On petroleum oil sold at the time of
5 production, the excise tax thereon shall be paid by the purchaser,
6 who is hereby authorized to deduct in making settlement with the
7 producer and/or royalty owner the amount of tax so paid; provided,
8 that in the event oil on which such tax becomes due is not sold at
9 the time of production, but is retained by the producer, the tax on
10 such oil not so sold shall be paid by the producer, including the
11 tax due on royalty oil not sold; and provided, further, that in
12 settlement with royalty owner, such producer shall have the right to
13 deduct the amount of tax so paid on royalty oil, or to deduct
14 therefrom royalty oil equivalent in value at the time such tax
15 becomes due with the amount of tax paid.

16 The provisions of this subsection shall terminate on June 30,
17 ~~2021~~ 2026.

18 B. Beginning on July 1, ~~2021~~ 2026, there is hereby levied, in
19 addition to the gross production tax, an excise tax equal to eighty-
20 five one thousandths of one percent (.085 of 1%) of the gross value
21 on each barrel of petroleum oil produced in ~~the State of Oklahoma~~
22 this state which is subject to gross production tax in ~~the State of~~
23 ~~Oklahoma~~ this state. Such excise tax of eighty-five one thousandths
24 of one percent (.085 of 1%) of the gross value shall be reported to

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

15 SECTION 3. AMENDATORY 68 O.S. 2011, Section 1102, as
16 amended by Section 3, Chapter 153, O.S.L. 2016 (68 O.S. Supp. 2020,
17 Section 1102), is amended to read as follows:

18 Section 1102. A. Prior to July 1, ~~2021~~ 2026, and as provided
19 in Section 1103.1 of this title, there is hereby levied, in addition
20 to the gross production tax, an excise tax equal to ninety-five one
21 thousandths of one percent (.095 of 1%) of the gross value of all
22 natural gas and/or casinghead gas produced in ~~the State of Oklahoma~~
23 this state which is subject to gross production tax in ~~the State of~~
24 ~~Oklahoma~~ this state. Such excise tax of ninety-five one thousandths

1 of one percent (.095 of 1%) of the gross value shall be reported to
2 and collected by the Tax Commission at the same time and in the same
3 manner as is provided by law for the collection of gross production
4 tax on natural gas and/or casinghead gas, and this excise tax shall
5 apply in all cases where the gross production tax provided for by
6 law applies to the production of natural gas and/or casinghead gas.
7 The excise tax shall be paid by the purchaser, who is hereby
8 authorized to deduct in making settlement with the producer and/or
9 royalty owner the amount of tax so paid, ~~7~~; provided, however, that if
10 such natural gas and/or casinghead gas is retained by the producer,
11 then the tax shall be paid by the producer, who shall have the right
12 to deduct the amount of tax so paid on royalty gas at the time of
13 settlement with the royalty owner.

14 The provisions of this subsection shall terminate on June 30,
15 ~~2021~~ 2026.

16 B. Beginning on July 1, ~~2021~~ 2026, there is hereby levied, in
17 addition to the gross production tax, an excise tax equal to eighty-
18 five one thousandths of one percent (.085 of 1%) of the gross value
19 of all natural gas and/or casinghead gas produced in ~~the State of~~
20 ~~Oklahoma~~ this state which is subject to gross production tax in ~~the~~
21 ~~State of Oklahoma~~ this state. Such excise tax of eighty-five one
22 thousandths of one percent (.085 of 1%) of the gross value shall be
23 reported to and collected by the Tax Commission at the same time and
24 in the same manner as is provided by law for the collection of gross

1 production tax on natural gas and/or casinghead gas, and this excise
2 tax shall apply in all cases where the gross production tax provided
3 for by law applies to the production of natural gas and/or
4 casinghead gas. The excise tax shall be paid by the purchaser, who
5 is hereby authorized to deduct in making settlement with the
6 producer and/or royalty owner the amount of tax so paid; 7 provided,
7 however, that if such natural gas and/or casinghead gas is retained
8 by the producer, then the tax shall be paid by the producer, who
9 shall have the right to deduct the amount of tax so paid on royalty
10 gas at the time of settlement with the royalty owner.

11 SECTION 4. AMENDATORY 68 O.S. 2011, Section 1103, as
12 last amended by Section 4, Chapter 153, O.S.L. 2016 (68 O.S. Supp.
13 2020, Section 1103), is amended to read as follows:

14 Section 1103. A. 1. Prior to July 1, ~~2021~~ 2026, and as
15 provided in Section 1103.1 of this title, all monies derived from
16 the levy of the excise tax on petroleum oil provided for by Section
17 1101 of this title shall be deposited with the State Treasurer, who
18 shall credit and apportion the same as follows:

19 a. eighty-two and six hundred thirty-four thousandths
20 percent (82.634%) of said excise tax shall be credited
21 to the General Revenue Fund of the State Treasury;
22 provided, in each fiscal year beginning on or after
23 July 1, 2013, the first One Million Three Hundred
24 Fifty Thousand Dollars (\$1,350,000.00) which would

1 otherwise have been apportioned to the General Revenue
2 Fund pursuant to this subparagraph shall be
3 transferred to the Oil and Gas Division Revolving Fund
4 of the Oklahoma Corporation Commission,

5 b. ten and five hundred twenty-six thousandths percent
6 (10.526%) shall be credited and apportioned to a
7 separate and distinct fund to be known as the
8 "Corporation Commission Plugging Fund", and

9 c. the remaining six and eighty-four hundredths percent
10 (6.84%) of said excise tax shall be credited and
11 apportioned to a separate and distinct fund to be
12 known as "The Interstate Oil Compact Fund of
13 Oklahoma", which fund is hereby created.

14 2. Prior to July 1, ~~2021~~ 2026, and as provided in Section
15 1103.1 of this title, all monies derived from the levy of the excise
16 tax on natural gas and/or casinghead gas provided for by Section
17 1102 of this title shall be deposited with the State Treasurer, who
18 shall credit and apportion the same as follows:

19 a. eighty-two and six thousand forty-five ten thousandths
20 percent (82.6045%) of said excise tax shall be
21 credited to the General Revenue Fund of the State
22 Treasury; provided, in each fiscal year beginning on
23 or after July 1, 2013, the first One Million Three
24 Hundred Fifty Thousand Dollars (\$1,350,000.00) which

1 would otherwise have been apportioned to the General
2 Revenue Fund pursuant to this subparagraph shall be
3 transferred to the Oil and Gas Division Revolving Fund
4 of the Oklahoma Corporation Commission,

5 b. ten and five thousand five hundred fifty-five ten
6 thousandths percent (10.5555%) shall be credited and
7 apportioned to the Corporation Commission Plugging
8 Fund, and

9 c. six and eighty-four hundredths percent (6.84%) of said
10 excise tax shall be credited and apportioned to The
11 Interstate Oil Compact Fund of Oklahoma.

12 3. Prior to July 1, ~~2021~~ 2026, and as provided in Section
13 1103.1 of this title, all monies to accrue to "The Interstate Oil
14 Compact Fund of Oklahoma" under the provisions of this article,
15 together with all monies remaining unexpended in "The Interstate Oil
16 Compact Fund of Oklahoma" created under this subsection are hereby
17 appropriated and shall be used for the payment of the compensation
18 of the assistant representative of the State of Oklahoma on "The
19 Interstate Oil Compact Commission", the compensation of such
20 clerical, technical, and legal assistants as he or she may with the
21 consent of the Governor employ; the actual and necessary traveling
22 expenses of the assistant representative and employees, and of the
23 Governor when traveling in the Governor's capacity as official
24 representative of the State of Oklahoma on "The Interstate Oil

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

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

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1 The provisions of this subsection shall terminate on June 30,
2 ~~2021~~ 2026.

3 B. 1. Beginning on July 1, ~~2021~~ 2026, all monies derived from
4 the levy of the excise tax on petroleum oil provided for by Section
5 1101 of this title shall be deposited with the State Treasurer, who
6 shall credit and apportion the same as follows:

7 a. ninety-two and thirty-five hundredths percent (92.35%)
8 of said excise tax shall be credited and apportioned
9 to the General Revenue Fund of the State Treasury;
10 provided, in each fiscal year beginning on or after
11 July 1, 2013, the first One Million Three Hundred
12 Fifty Thousand Dollars (\$1,350,000.00) which would
13 otherwise have been apportioned to the General Revenue
14 Fund pursuant to this subparagraph shall be
15 transferred to the Oil and Gas Division Revolving Fund
16 of the Oklahoma Corporation Commission, and

17 b. the remaining seven and sixty-five hundredths percent
18 (7.65%) of said excise tax shall be credited and
19 apportioned to a separate and distinct fund to be
20 known as "The Interstate Oil Compact Fund of
21 Oklahoma", which fund is hereby created.

22 2. Beginning on July 1, ~~2021~~ 2026, all monies derived from the
23 levy of the excise tax on natural gas and/or casinghead gas provided
24

1 for by Section 1102 of this title shall be deposited with the State
2 Treasurer, who shall credit and apportion the same as follows:

3 a. ninety-two and thirty-five hundredths percent (92.35%)
4 of said excise tax shall be credited and apportioned
5 to the General Revenue Fund of the State Treasury;
6 provided, in each fiscal year beginning on or after
7 July 1, 2013, the first One Million Three Hundred
8 Fifty Thousand Dollars (\$1,350,000.00) which would
9 otherwise have been apportioned to the General Revenue
10 Fund pursuant to this subparagraph shall be
11 transferred to the Oil and Gas Division Revolving Fund
12 of the Oklahoma Corporation Commission, and

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

16 3. Beginning on July 1, ~~2021~~ 2026, all monies to accrue to "The
17 Interstate Oil Compact Fund of Oklahoma" under the provisions of
18 this article, together with all monies remaining unexpended in "The
19 Interstate Oil Compact Fund of Oklahoma" created under this
20 subsection are hereby appropriated and shall be used for the payment
21 of the compensation of the assistant representative of the State of
22 Oklahoma on "The Interstate Oil Compact Commission", the
23 compensation of such clerical, technical, and legal assistants as he
24 or she may with the consent of the Governor employ; the actual and

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

24 SECTION 5. This act shall become effective July 1, 2021.

1 SECTION 6. It being immediately necessary for the preservation
2 of the public peace, health or safety, an emergency is hereby
3 declared to exist, by reason whereof this act shall take effect and
4 be in full force from and after its passage and approval.

5 Passed the Senate the 17th day of May, 2021.

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7 _____
8 Presiding Officer of the Senate

9 Passed the House of Representatives the ____ day of _____,
10 2021.

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12 _____
13 Presiding Officer of the House
14 of Representatives

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