

1 STATE OF OKLAHOMA

2 2nd Session of the 59th Legislature (2024)

3 COMMITTEE SUBSTITUTE  
4 FOR ENGROSSED  
5 SENATE BILL NO. 1505

By: Paxton of the Senate

and

Boles of the House

6  
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8  
9 COMMITTEE SUBSTITUTE

10 An Act relating to rebate payments; amending Sections  
11 2, 3, 4, and 5, Chapter 346, O.S.L. 2022 (68 O.S.  
12 Supp. 2023, Sections 55007, 55008, 55009, and 55010),  
13 which relate to the Oklahoma Emission Reduction  
14 Technology Incentive Act; modifying intent; modifying  
15 definitions; eliminating rebate payment limit;  
16 amending approval process; modifying name of  
17 revolving fund; modifying purpose of fund; creating  
18 the Oklahoma Emission Reduction Technology Downstream  
19 Incentive Revolving Fund; stating sources of fund;  
20 providing for expenditures from fund; providing for  
21 transfer of funds under certain circumstance;  
22 providing for proportional payments; updating  
23 statutory language; updating statutory references;  
24 providing an effective date; and declaring an  
emergency.

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

SECTION 1. AMENDATORY Section 2, Chapter 346, O.S.L.  
2022 (68 O.S. Supp. 2023, Section 55007), is amended to read as  
follows:

1 Section 55007. The Legislature hereby finds that the reduction  
2 of emissions from upstream ~~and~~, midstream, and downstream oil and  
3 gas production, exploration, completions, gatherings, storage,  
4 processing, refining, distribution, and transmission activities  
5 serves the interests of the citizens of Oklahoma and such emission  
6 reduction activities with new and innovative technologies should be  
7 encouraged and incentivized.

8 SECTION 2. AMENDATORY Section 3, Chapter 346, O.S.L.  
9 2022 (68 O.S. Supp. 2023, Section 55008), is amended to read as  
10 follows:

11 Section 55008. As used in the Oklahoma Emission Reduction  
12 Technology Incentive Act, "Emission Reduction Project" means and  
13 includes, but is not limited to:

14 1. Existing and new technology projects that reduce on-site  
15 emissions of regulated pollutants or carbon oxides from stationary  
16 sources; and

17 2. Existing and new technology projects that reduce emissions  
18 from upstream ~~and~~, midstream, and downstream oil and gas  
19 exploration, production, completions, ~~gathering~~ gatherings, storage,  
20 processing, refining, distribution, and transmission activities  
21 through the following:

22 a. the replacement, repair, or retrofit of stationary  
23 compressor engines,  
24

- 1           b. the installation of systems and/or equipment to reduce  
2           or eliminate the loss of gas, venting of gas, flaring  
3           of gas, or burning of gas using other combustion  
4           control devices, ~~or~~
- 5           c. the installation of systems and/or equipment to reduce  
6           the per barrel consumption of energy, or
- 7           d. the installation of emissions monitoring equipment or  
8           devices.

9           SECTION 3.           AMENDATORY           Section 4, Chapter 346, O.S.L.  
10          2022 (68 O.S. Supp. 2023, Section 55009), is amended to read as  
11          follows:

12          Section 55009. A. Upon ~~the effective date of this act~~ July 1,  
13          2022, there is hereby created the Oklahoma Emission Reduction  
14          Technology Rebate Program. There is hereby created a rebate in the  
15          amount of up to twenty-five percent (25%) of documented expenditures  
16          made in this state directly attributable to the implementation of a  
17          qualified Emission Reduction Project.

18          B. The rebate program shall be administered by the Department  
19          of Environmental Quality and the Oklahoma Tax Commission, as  
20          provided in the Oklahoma Emission Reduction Technology Incentive  
21          Act.

22          C. To be eligible for a rebate payment:

23            1. The applicant responsible for the implementation of a  
24            qualified Emission Reduction Project in this state shall submit

1 documentation to the Department of Environmental Quality no later  
2 than six (6) months after the end of the fiscal year in which the  
3 expenditures were made stating the amount of expenditures made in  
4 this state directly related to the implementation of the qualified  
5 Emission Reduction Project. The Department of Environmental Quality  
6 shall additionally establish a process whereby an applicant may  
7 submit a payment for approval prior to the expenditure of funds.  
8 Any approval through this alternative process shall be subject to  
9 final approval as determined necessary by the Department of  
10 Environmental Quality;

11 2. The applicant has filed all Oklahoma tax returns and tax  
12 documents which are required by the laws of this state; and

13 3. The applicant shall provide evidence of a certificate of  
14 general liability insurance with a minimum coverage of One Million  
15 Dollars (\$1,000,000.00) and a workers' compensation policy pursuant  
16 to the laws of this state which shall include coverage of employer's  
17 liability.

18 D. The Department of Environmental Quality shall approve or  
19 disapprove all claims for a rebate payment and shall notify the  
20 Oklahoma Tax Commission. The Tax Commission shall, upon  
21 notification of approval from the Department of Environmental  
22 Quality, issue a rebate payment for all approved claims from funds  
23 in the Oklahoma Emission Reduction Technology Upstream and Midstream  
24 Incentive Revolving Fund ~~created in Section 5 of this act~~ and the

1 Oklahoma Emission Reduction Technology Downstream Incentive  
2 Revolving Fund, both created in Section 55010 of this title. If the  
3 amount of the approved claims exceeds the amount available in either  
4 fund, during a fiscal year, payments shall be made proportionally to  
5 all the parties making a claim prior to the deadline which is  
6 approved by the Department of Environmental Quality. Rebate  
7 ~~payments from the fund shall not exceed Ten Million Dollars~~  
8 ~~(\$10,000,000.00) in any fiscal year. If the amount of approved~~  
9 ~~claims exceeds the amount specified in this subsection in a fiscal~~  
10 ~~year, payments shall be made proportionately to all of the parties~~  
11 ~~making a claim prior to the deadline which is approved by the~~  
12 ~~Department of Environmental Quality with the amount to be paid to~~  
13 ~~each approved party being product of the individual claim amount~~  
14 ~~times the percentage resulting from Ten Million Dollars~~  
15 ~~(\$10,000,000.00) divided by the total amount of approved claims for~~  
16 ~~the period. If an approved claim is not paid in whole or in part,~~  
17 ~~the unpaid claim or unpaid portion shall be paid in the following~~  
18 ~~fiscal years in the order in which the claims are approved by the~~  
19 ~~Department.~~

20 E. Approved claims for rebate that exceed the balance of the  
21 Oklahoma Emission Reduction Technology Upstream and Midstream  
22 Incentive Revolving Fund created in Section 5 of this act and the  
23 Oklahoma Emission Reduction Technology Downstream Incentive  
24 Revolving Fund, both created in Section 55010 of this title may be

1 paid in part and the unpaid portion shall be paid upon the  
2 applicable fund reaching a sufficient balance in the order in which  
3 the claims are approved by the Department.

4 SECTION 4. AMENDATORY Section 5, Chapter 346, O.S.L.  
5 2022 (68 O.S. Supp. 2023, Section 55010), is amended to read as  
6 follows:

7 Section 55010. A. There is hereby created in the State  
8 Treasury a revolving fund for the Oklahoma Tax Commission to be  
9 designated the "Oklahoma Emission Reduction Technology Upstream and  
10 Midstream Incentive Revolving Fund". The fund shall be a continuing  
11 fund, not subject to fiscal year limitations, and shall consist of  
12 all monies received by the Tax Commission from any public or private  
13 donations, contributions, and gifts received for the benefit of the  
14 fund and any amounts appropriated by the ~~Oklahoma~~ Legislature  
15 designated for deposit in the fund. All monies accruing to the  
16 credit of the fund are hereby appropriated and may be budgeted and  
17 expended by the Tax Commission for the purpose of paying rebates for  
18 emission reduction projects, except for projects pertaining to  
19 refining activities, as provided in ~~this act~~ the Oklahoma Emission  
20 Reduction Technology Incentive Act. Expenditures from the fund  
21 shall be made upon warrants issued by the State Treasurer against  
22 claims filed as prescribed by law with the Director of the Office of  
23 Management and Enterprise Services for approval and payment. Any  
24 remaining unencumbered balance upon the cessation of the Oklahoma

1 Emission Reduction Technology Rebate Program, as provided in Section  
2 7 55012 of this ~~act~~ title, shall be transferred to the General  
3 Revenue Fund of ~~the State of Oklahoma~~ this state.

4 B. There is hereby created in the State Treasury a revolving  
5 fund for the Oklahoma Tax Commission to be designated the "Oklahoma  
6 Emission Reduction Technology Downstream Incentive Revolving Fund".

7 The fund shall be a continuing fund, not subject to fiscal year  
8 limitations, and shall consist of all monies received by the Tax  
9 Commission from any public or private donations, contributions, and  
10 gifts received for the benefit of the fund and any amounts  
11 appropriated by the Legislature designated for deposit in the fund.

12 All monies accruing to the credit of the fund are hereby  
13 appropriated and may be budgeted and expended by the Tax Commission  
14 for the purpose of paying rebates for emission reduction projects  
15 pertaining to refining activities as provided in this act.

16 Expenditures from the fund shall be made upon warrants issued by the  
17 State Treasurer against claims filed as prescribed by law with the  
18 Director of the Office of Management and Enterprise Services for  
19 approval and payment. Any remaining unencumbered balance upon the  
20 cessation of the Oklahoma Emission Reduction Technology Rebate  
21 Program, as provided in Section 55012 of this title, shall be  
22 transferred to the General Revenue Fund of this state.

23 SECTION 5. This act shall become effective July 1, 2024.  
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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.

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6 59-2-10956 JM 04/11/24

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