

1 **SENATE FLOOR VERSION**
February 28, 2024
2 **AS AMENDED**

3 SENATE BILL NO. 1505 By: Paxton of the Senate
4 and
5 Boles of the House
6

7 **[rebate payments - intent - revolving fund -**
8 **expenditures - funds - appropriations - deposit -**
9 **effective date -**
10 **emergency]**

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

12 SECTION 1. AMENDATORY Section 2, Chapter 346, O.S.L.
13 2022 (68 O.S. Supp. 2023, Section 55007), is amended to read as
14 follows:

15 Section 55007. The Legislature hereby finds that the reduction
16 of emissions from upstream, ~~and~~ midstream, and downstream oil and
17 gas production, exploration, completions, gatherings, storage,
18 processing, refining, and transmission activities serves the
19 interests of the citizens of Oklahoma and such emission reduction
20 activities with new and innovative technologies should be encouraged
21 and incentivized.

22 SECTION 2. AMENDATORY Section 3, Chapter 346, O.S.L.
23 2022 (68 O.S. Supp. 2023, Section 55008), is amended to read as
24 follows:

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

4 1. Existing and new technology projects that reduce on-site
5 emissions of regulated pollutants or carbon oxides from stationary
6 sources; and

7 2. Existing and new technology projects that reduce emissions
8 from upstream, ~~and~~ midstream, and downstream oil and gas
9 exploration, production, completions, ~~gathering~~ gatherings, storage,
10 processing, refining, and transmission activities through the
11 following:

12 a. the replacement, repair, or retrofit of stationary
13 compressor engines,

14 b. the installation of systems and/or equipment to reduce
15 or eliminate the loss of gas, venting of gas, flaring
16 of gas, or burning of gas using other combustion
17 control devices, ~~or~~

18 c. the installation of systems and/or equipment to reduce
19 the per barrel consumption of energy, or

20 d. the installation of emissions monitoring equipment or
21 devices.

22 SECTION 3. AMENDATORY Section 4, Chapter 346, O.S.L.
23 2022 (68 O.S. Supp. 2023, Section 55009), is amended to read as
24 follows:

1 Section 55009. A. Upon ~~the effective date of this act~~ July 1,
2 2022, there is hereby created the Oklahoma Emission Reduction
3 Technology Rebate Program. There is hereby created a rebate in the
4 amount of up to twenty-five percent (25%) of documented expenditures
5 made in this state directly attributable to the implementation of a
6 qualified Emission Reduction Project.

7 B. The rebate program shall be administered by the Department
8 of Environmental Quality and the Oklahoma Tax Commission, as
9 provided in the Oklahoma Emission Reduction Technology Incentive
10 Act.

11 C. To be eligible for a rebate payment:

12 1. The applicant responsible for the implementation of a
13 qualified Emission Reduction Project in this state shall submit
14 documentation to the Department of Environmental Quality no later
15 than six (6) months after the end of the fiscal year in which the
16 expenditures were made stating the amount of expenditures made in
17 this state directly related to the implementation of the qualified
18 Emission Reduction Project;

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

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

3 D. The Department of Environmental Quality shall approve or
4 disapprove all claims for a rebate payment and shall notify the
5 Oklahoma Tax Commission. The Tax Commission shall, upon
6 notification of approval from the Department of Environmental
7 Quality, issue a rebate payment for all approved claims from funds
8 in the Oklahoma Emission Reduction Technology Upstream and Midstream
9 Incentive Revolving Fund created in Section 5 of this act Section
10 55010 of this title and the Oklahoma Emission Reduction Technology
11 Downstream Incentive Revolving Fund created in Section 55010 of this
12 title. ~~Rebate payments from the fund shall not exceed Ten Million~~
13 ~~Dollars (\$10,000,000.00) in any fiscal year. If the amount of~~
14 ~~approved claims exceeds the amount specified in this subsection in a~~
15 ~~fiscal year, payments shall be made proportionately to all of the~~
16 ~~parties making a claim prior to the deadline which is approved by~~
17 ~~the Department of Environmental Quality with the amount to be paid~~
18 ~~to each approved party being product of the individual claim amount~~
19 ~~times the percentage resulting from Ten Million Dollars~~
20 ~~(\$10,000,000.00) divided by the total amount of approved claims for~~
21 ~~the period. If an approved claim is not paid in whole or in part,~~
22 ~~the unpaid claim or unpaid portion shall be paid in the following~~
23 ~~fiscal years in the order in which the claims are approved by the~~
24 ~~Department.~~

1 E. Approved claims for rebate that exceed the balance of the
2 Oklahoma Emission Reduction Technology Upstream and Midstream
3 Incentive Revolving Fund created in ~~Section 5 of this act~~ Section
4 55010 of this title and the Oklahoma Emission Reduction Technology
5 Downstream Incentive Revolving Fund created in Section 55010 of this
6 title may be paid in part and the unpaid portion shall be paid upon
7 the applicable fund reaching a sufficient balance in the order in
8 which the claims are approved by the Department.

9 SECTION 4. AMENDATORY Section 5, Chapter 346, O.S.L.
10 2022 (68 O.S. Supp. 2023, Section 55010), is amended to read as
11 follows:

12 Section 55010. A. There is hereby created in the State
13 Treasury a revolving fund for the Oklahoma Tax Commission to be
14 designated the "Oklahoma Emission Reduction Technology Upstream and
15 Midstream Incentive Revolving Fund". The fund shall be a continuing
16 fund, not subject to fiscal year limitations, and shall consist of
17 all monies received by the Tax Commission from any public or private
18 donations, contributions, and gifts received for the benefit of the
19 fund and any amounts appropriated by the ~~Oklahoma~~ Legislature
20 designated for deposit in the fund. All monies accruing to the
21 credit of the fund are hereby appropriated and may be budgeted and
22 expended by the Tax Commission for the purpose of paying rebates for
23 emission reduction projects, except for projects pertaining to
24 refining activities, as provided in ~~this act~~ the Oklahoma Emission

1 Reduction Technology Incentive Act. Expenditures from the fund
2 shall be made upon warrants issued by the State Treasurer against
3 claims filed as prescribed by law with the Director of the Office of
4 Management and Enterprise Services for approval and payment. Any
5 remaining unencumbered balance upon the cessation of the Oklahoma
6 Emission Reduction Technology Rebate Program, as provided in ~~Section~~
7 ~~7 of this act~~ Section 55012 of this title, shall be transferred to
8 the General Revenue Fund of ~~the State of Oklahoma~~ this state.

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

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

4 SECTION 5. There is hereby appropriated to the Oklahoma Tax
5 Commission for deposit in the Oklahoma Emission Reduction Technology
6 Upstream and Midstream Incentive Revolving Fund from any monies not
7 otherwise appropriated from the General Revenue Fund of the State
8 Treasury for the fiscal year ending June 30, 2023, the sum of **Thirty**
9 **Million Dollars (\$30,000,000.00)**.

10 SECTION 6. There is hereby appropriated to the Oklahoma Tax
11 Commission for deposit in the Oklahoma Emission Reduction Technology
12 Downstream Incentive Revolving Fund from any monies not otherwise
13 appropriated from the General Revenue Fund of the State Treasury for
14 the fiscal year ending June 30, 2023, the sum of **Twenty Million**
15 **Dollars (\$20,000,000.00)**.

16 SECTION 7. This act shall become effective July 1, 2024.

17 SECTION 8. It being immediately necessary for the preservation
18 of the public peace, health or safety, an emergency is hereby
19 declared to exist, by reason whereof this act shall take effect and
20 be in full force from and after its passage and approval.

21 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
22 February 28, 2024 - DO PASS AS AMENDED
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