

1 **SENATE FLOOR VERSION**

2 March 2, 2023

3 **AS AMENDED**

4 SENATE BILL NO. 514

5 By: Daniels

6 [Oklahoma Energy Resources Board - sunset date -
7 composition and requirements - revolving fund -
8 repealer - effective dates]

9
10 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

11 SECTION 1. AMENDATORY 52 O.S. 2021, Section 288.2, is
12 amended to read as follows:

13 Section 288.2. As used in the Oklahoma Energy Education and
14 Marketing Act, Section 288.1 et seq. of this title:

15 1. "Board" means the Oklahoma Energy Resources Board;

16 2. "Person" means any individual, group of individuals, or any
17 partnership, corporation, association, cooperative, or employee
18 thereof, or any other entity;

19 3. "Independent producer" means any person:

20 a. who produces oil or natural gas and is not engaged in
21 refining or marketing of such products, or

22 b. who derives a majority of his or her oil- or natural
23 gas-related income from working interest; and

1 4. ~~“Major oil company” means any person who produces oil or~~
2 ~~natural gas in the State of Oklahoma and who is a retailer as~~
3 ~~defined in IRS Code Sec. 613A (d) (2) or a refiner as defined in Sec.~~
4 ~~613A (d) (4) of the Code or is a subsidiary, directly or indirectly,~~
5 ~~of a company that is classified as a major oil company as defined~~
6 ~~herein; and~~

7 5. ~~“Qualified independent producer association” means an entity~~
8 ~~in existence as of January 1, 1992, that is organized and operating~~
9 ~~within the state, a majority of whose governing body are independent~~
10 ~~producers and which represents the independent oil or natural gas~~
11 ~~industry on a statewide basis the Petroleum Alliance of Oklahoma,~~
12 ~~formed as a successor of the Oklahoma Independent Petroleum~~
13 ~~Association and the Oklahoma Oil and Gas Association.~~

14 SECTION 2. AMENDATORY 52 O.S. 2021, Section 288.3, is
15 amended to read as follows:

16 Section 288.3. There is hereby re-created until July 1, 2024
17 2027, the Oklahoma Energy Resources Board which shall be subject to
18 the provisions of the Oklahoma Sunset Law. The purpose of the Board
19 is to coordinate a program designed to demonstrate to the general
20 public the importance of the Oklahoma oil and natural gas
21 exploration and production industry, to encourage the wise and
22 efficient use of energy, to promote environmentally sound production
23 methods and technologies, to develop existing supplies of Oklahoma’s
24 oil and natural gas resources, to support research and educational

1 activities concerning the oil and natural gas exploration and
2 production industry and to cause remediation of historical oilfield
3 ~~environmental problems~~ sites determined to be orphaned and devoid of
4 any reasonable means to be funded by a responsible party.

5 SECTION 3. AMENDATORY 52 O.S. 2021, Section 288.4, is
6 amended to read as follows:

7 Section 288.4. A. 1. The Oklahoma Energy Resources Board
8 shall be composed of at least ~~eighteen (18)~~ twenty-three (23)
9 members. The ~~eighteen~~ twenty-three members shall be comprised of
10 eighteen independent oil or natural gas producers, ~~or~~
11 ~~representatives of major oil companies which do business in the~~
12 ~~state,~~ one royalty owner, two oil and/or natural gas purchasers, one
13 representative appointed by the Chancellor of the State Regents for
14 Higher Education, and the Secretary of Energy and Environment or his
15 or her designee.

16 2. The independent oil or natural gas producers of the Oklahoma
17 Energy Resources Board shall be appointed as follows:

- 18 a. six to be appointed by the Governor,
19 b. six to be appointed by the President Pro Tempore of
20 the Senate, and
21 c. six to be appointed by the Speaker of the House of
22 Representatives.

23 The Governor, President Pro Tempore and Speaker of the House of
24 Representatives shall make appointments of independent producers

1 from a list of names of independent producers which do business in
2 the state submitted by the qualified independent producer
3 ~~associations~~ association.

4 B. The members of the Board shall:

5 1. Be at least twenty-five (25) years of age; and

6 2. Have at least five (5) years of active experience in the oil
7 or natural gas industry.

8 C. Each appointment to the Board shall be for a three-year
9 term. Current members of the board as of the effective date of this
10 act shall serve out their remaining terms based upon their
11 appointment date.

12 ~~D. The initial term of office for independent producer members~~
13 ~~of the Board shall be as follows: six members for one (1) year, six~~
14 ~~members for two (2) years and six members for three (3) years.~~

15 ~~For the initial appointments of independent producers, each~~
16 ~~appointing authority shall make two appointments for one-year terms,~~
17 ~~two appointments for two-year terms and two appointments for three-~~
18 ~~year terms. Thereafter, the terms of the independent producer~~
19 ~~members shall be for three (3) years~~ appointed members of the Board
20 who are independent oil and/or gas producers may be removed from
21 office by a majority vote of the three appointing authorities in a
22 manner as provided by law. The remaining appointed members of the
23 Board may be removed from office by a majority vote of the then-
24 serving Board members.

1 ~~D. The six independent producer members of the Board whose~~
2 ~~initial term of office is for one (1) year shall serve until October~~
3 ~~1, 1993, at which time their terms shall expire and will be replaced~~
4 ~~by the members appointed to three-year terms under subsection E of~~
5 ~~this section.~~

6 ~~E. On October 1, 1993, six members shall be appointed to the~~
7 ~~Board who represent major oil companies which do business in the~~
8 ~~state, two to be appointed by the Governor, two to be appointed by~~
9 ~~the President Pro Tempore of the Senate and two to be appointed by~~
10 ~~the Speaker of the House of Representatives. After October 1, 1993,~~
11 ~~the Board shall be composed of eighteen (18) members, twelve of~~
12 ~~which shall be independent producers and six shall be~~
13 ~~representatives of major oil companies~~ The Board shall elect one of
14 its members to serve as chairperson of the Board. The chairperson
15 shall preside over meetings of the Board and perform such other
16 duties as may be required by the Board. The chairperson shall serve
17 for a period of two (2) years. The Board shall also elect a vice
18 chairperson to succeed the elected chairperson upon expiration of
19 the chairperson's term.

20 ~~F. Vacancies shall be filled for the unexpired term of office~~
21 ~~in the same manner as the original appointment. The appointed~~
22 ~~members may be removed from office by a majority vote of the three~~
23 ~~appointing authorities in a manner as provided by law.~~

1 ~~G. After October 1, 1993, the independent producer and major~~
2 ~~oil company members of the Board appointed pursuant to subsection A~~
3 ~~of this section may by majority vote appoint a maximum of three~~
4 ~~representatives from each of the following producer related areas to~~
5 ~~serve as members of the Board: one member from a royalty owner~~
6 ~~association and two members representing crude oil purchasing~~
7 ~~companies. These additional members shall have full voting rights~~
8 ~~and privileges and will serve three year terms. They may be removed~~
9 ~~from the Board by a majority vote of the independent producer and~~
10 ~~major oil company members of the Board appointed pursuant to~~
11 ~~subsection A of this section.~~

12 ~~H. The Board shall at its first meeting elect one of its~~
13 ~~members as chairperson, who shall preside over meetings of the Board~~
14 ~~and perform such other duties as may be required by the Board. The~~
15 ~~first meeting of the Board shall be called by the Governor.~~

16 ~~I.~~ No member of the Board shall receive a salary for duties
17 performed as a member of the Board however, members are eligible to
18 receive reimbursement for expenses and travel reimbursement as
19 provided for in the State Travel Reimbursement Act.

20 ~~J.~~ G. Members serving on the Board shall be eligible to serve
21 on any other state board or commission if such member is otherwise
22 qualified to hold such appointed office, notwithstanding the
23 provisions of Section 6 of Title 51 of the Oklahoma Statutes.

24

1 SECTION 4. AMENDATORY 52 O.S. 2021, Section 288.5, is
2 amended to read as follows:

3 Section 288.5. The Oklahoma Energy Resources Board shall have
4 the following powers, duties and responsibilities:

5 1. To administer and enforce the provisions of the Oklahoma
6 Energy Education and Marketing Act;

7 2. To establish an office for the Board within the State of
8 Oklahoma;

9 3. To elect a chairperson, vice chairperson, and whatever other
10 officers may be necessary to direct operations of the Board;

11 4. To employ personnel as shall be deemed necessary to carry
12 out the purpose and provisions of the Oklahoma Energy Education and
13 Marketing Act, including but not limited to an attorney to provide
14 legal assistance to the Board, and to prescribe their duties and fix
15 their compensation;

16 5. To establish and administer the Energy Resources Revolving
17 Fund;

18 6. To approve or disapprove the budget of the Board;

19 7. To promulgate rules as it deems necessary to carry out the
20 provisions of the Oklahoma Energy Education and Marketing Act;

21 8. To enter into contracts or agreements for studies, research
22 projects, experimental work, supplies or other services to carry out
23 the purposes of the Oklahoma Energy Education and Marketing Act, and
24

1 incur those expenses necessary to carry out those purposes. Any
2 such contract or agreement shall provide that:

3 a. the person entering the contract or agreement on
4 behalf of the Board shall develop and submit to the
5 Board a plan or project together with a budget or
6 budgets that shows estimated costs to be incurred for
7 the plan or project, and

8 b. the person entering the contract or agreement shall
9 keep accurate records of all of its transactions,
10 account for funds received and expended, and make
11 periodic reports to the Board of activities conducted,
12 and such other reports as the Board may require;

13 9. To keep accurate records of all financial transactions
14 performed pursuant to the Oklahoma Energy Education and Marketing
15 Act. These records shall be subject to an annual audit, as defined
16 by paragraph 4 of subsection B of Section 212 of Title 74 of the
17 Oklahoma Statutes, by an independent auditor and an annual report
18 shall be compiled and presented to the Governor;

19 10. To cooperate with any private, local, state or national
20 commission, organization, agency or group and to make contracts and
21 agreements for joint programs beneficial to the oil industry;

22 11. To accept donations, grants, contributions and gifts from
23 any public or private source and deposit such in the Energy
24 Resources Revolving Fund;

1 12. To approve or disapprove the investment of any monies in
2 the Energy Resources Revolving Fund; and

3 13. To keep an accurate record of all assessments collected.

4 SECTION 5. AMENDATORY 52 O.S. 2021, Section 288.7, is
5 amended to read as follows:

6 Section 288.7. A. There is hereby created in the State
7 Treasury a revolving fund for the Oklahoma Energy Resources Board to
8 be designated the "Energy Resources Revolving Fund". The fund shall
9 be a continuing fund, not subject to fiscal year limitations and
10 shall consist of all monies received by the Oklahoma Energy
11 Resources Board from assessments received and collected pursuant to
12 Section 288.8A of this title, donations, grants, contributions and
13 gifts from any public or private source. The Board may expend funds
14 as provided for by law. Expenditures from said fund shall be made
15 upon warrants issued by the State Treasurer against claims filed as
16 prescribed by law with the Director of the Office of Management and
17 Enterprise Services for approval and payment.

18 B. Of the monies collected and not refunded pursuant to
19 Sections 288.8A and 288.9A of this title, a minimum of fifty percent
20 (50%) of ~~said~~ the monies collected, including a prorated share of
21 administrative costs incurred from ~~the effective date of this act~~
22 August 30, 1996, and not subsequently refunded, shall be expended on
23 environmental cleanup, ~~and~~ remediation, restoration, and
24 preservation projects related to oil and gas ~~pollution~~ site

1 reclamation, and other projects supporting the vitality of the oil
2 and gas industry in this state. Projects shall be authorized by the
3 Board from a priority list of projects submitted by the Corporation
4 Commission or, only in the absence of Corporation Commission
5 jurisdiction, projects submitted by other appropriate state
6 agencies.

7 C. None of the monies collected and not refunded pursuant to
8 Sections 288.8A and 288.9A of this title shall be used for travel
9 expenses of any member of the ~~Oklahoma~~ Legislature.

10 SECTION 6. AMENDATORY 52 O.S. 2021, Section 288.8A, is
11 amended to read as follows:

12 Section 288.8A. A. To fund the activities of the Oklahoma
13 Energy Resources Board, an assessment shall be levied in the amount
14 of one-tenth of one percent (1/10 of 1%) of the gross revenues
15 received at the wellhead for oil, natural gas, casinghead gas or
16 condensate produced from each well in ~~the State of Oklahoma~~ this
17 state except for production exempt from the payment of gross
18 production tax pursuant to Section 1001 of Title 68 of the Oklahoma
19 Statutes.

20 B. The assessment levied by subsection A of this section shall
21 be deducted from the proceeds of production by the person remitting
22 gross production tax to the Oklahoma Tax Commission pursuant to
23 Section 1001 of Title 68 of the Oklahoma Statutes. Such assessment
24 shall be remitted to the Oklahoma Tax Commission in the same manner

1 as is provided by law for the payment of gross production tax.
2 Provided, the person remitting the assessment may remit cumulative
3 amounts of Twenty-five Dollars (\$25.00) or less quarterly. To
4 defray the costs of receiving and depositing the assessments levied
5 by this section, the Oklahoma Tax Commission shall retain Two
6 Thousand Dollars (\$2,000.00) per month of the assessments received
7 for deposit in the ~~Oklahoma Tax Commission Revolving~~ Reimbursement
8 Fund created pursuant to Section 113 of Title 68 of the Oklahoma
9 Statutes. The remaining monies received by the Oklahoma Tax
10 Commission pursuant to this section shall be deposited in the Energy
11 Resources Revolving Fund.

12 C. The Board shall be responsible for taking appropriate legal
13 actions to collect any assessment which is not paid or is not
14 properly paid. The Oklahoma Tax Commission shall not be responsible
15 for collecting any assessment not remitted to the Oklahoma Tax
16 Commission for deposit in the Energy Resources Revolving Fund. The
17 Oklahoma Tax Commission shall report to the Board any information it
18 obtains regarding failure of any person to properly pay the
19 assessment due, including any documentation it may have of such
20 failure.

21 SECTION 7. AMENDATORY 52 O.S. 2021, Section 288.11, is
22 amended to read as follows:

23 Section 288.11. A. The Board may invest, pending disbursement,
24 funds collected through assessments only in obligations of the

1 United States or any agency thereof, in general obligations of any
2 state, in any interest-bearing account or certificate of deposit of
3 a bank that is a member of the Federal Reserve System, or in
4 obligations fully guaranteed as to principal and interest by the
5 United States.

6 B. The Board shall be prohibited from utilizing any funds
7 collected through the assessment procedure outlined in Section ~~8~~
8 288.8A of this ~~act~~ title, for the purpose of influencing
9 governmental action or policy, with the exception of recommending
10 amendments to ~~this act~~ Section 288.1 et seq. of this title in
11 support of its stated mission, and for the purpose of obtaining
12 state or federal funding ~~for the activities of the Sustaining~~
13 ~~Oklahoma's Energy Resources Advisory Committee.~~

14 SECTION 8. REPEALER 52 O.S. 2021, Section 288.5A, is
15 hereby repealed.

16 SECTION 9. REPEALER 52 O.S. 2021, Section 288.5B, is
17 hereby repealed.

18 SECTION 10. REPEALER 52 O.S. 2021, Section 288.5C, is
19 hereby repealed.

20 SECTION 11. REPEALER 52 O.S. 2021, Section 288.5D, is
21 hereby repealed.

22 SECTION 12. REPEALER 52 O.S. 2021, Section 288.5E, is
23 hereby repealed.

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1 SECTION 13. Sections 1 through 7 of this act shall become
2 effective November 1, 2023.

3 SECTION 14. Sections 8 through 12 of this act shall become
4 effective July 1, 2024.

5 COMMITTEE REPORT BY: COMMITTEE ON ENERGY AND TELECOMMUNICATIONS
6 March 2, 2023 - DO PASS AS AMENDED
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