

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

SENATE BILL 1505

By: Paxton

AS INTRODUCED

An Act relating to rebate payments; amending Sections 2, 3, 4, and 5, Chapter 346, O.S.L. 2022 (68 O.S. Supp. 2023, Sections 55007, 55008, 55009, and 55010), which relate to the Oklahoma Emission Reduction Technology Incentive Act; modifying intent; modifying definitions; increasing rebate payment limit; modifying name of revolving fund; modifying purpose of fund; creating the Oklahoma Emission Reduction Technology Downstream Incentive Revolving Fund; stating sources of fund; providing for expenditures from fund; providing for transfer of funds under certain circumstance; making appropriations to the Oklahoma Tax Commission; directing deposit in certain funds; updating statutory language; updating statutory references; 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:

Section 55007. The Legislature hereby finds that the reduction of emissions from upstream, ~~and~~ midstream, and downstream oil and gas production, exploration, completions, gatherings, storage, processing, refining, and transmission activities serves the

1 interests of the citizens of Oklahoma and such emission reduction
2 activities with new and innovative technologies should be encouraged
3 and incentivized.

4 SECTION 2. AMENDATORY Section 3, Chapter 346, O.S.L.
5 2022 (68 O.S. Supp. 2023, Section 55008), is amended to read as
6 follows:

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

10 1. Existing and new technology projects that reduce on-site
11 emissions of regulated pollutants or carbon oxides from stationary
12 sources; and

13 2. Existing and new technology projects that reduce emissions
14 from upstream, ~~and~~ midstream, and downstream oil and gas
15 exploration, production, completions, ~~gathering~~ gatherings, storage,
16 processing, refining, and transmission activities through the
17 following:

- 18 a. the replacement, repair, or retrofit of stationary
19 compressor engines,
- 20 b. the installation of systems and/or equipment to reduce
21 or eliminate the loss of gas, venting of gas, flaring
22 of gas, or burning of gas using other combustion
23 control devices, ~~or~~

- 1 c. the installation of systems and/or equipment to reduce
2 the per barrel consumption of energy, or
3 d. the installation of emissions monitoring equipment or
4 devices.

5 SECTION 3. AMENDATORY Section 4, Chapter 346, O.S.L.
6 2022 (68 O.S. Supp. 2023, Section 55009), is amended to read as
7 follows:

8 Section 55009. A. Upon ~~the effective date of this act~~ July 1,
9 2022, there is hereby created the Oklahoma Emission Reduction
10 Technology Rebate Program. There is hereby created a rebate in the
11 amount of up to twenty-five percent (25%) of documented expenditures
12 made in this state directly attributable to the implementation of a
13 qualified Emission Reduction Project.

14 B. The rebate program shall be administered by the Department
15 of Environmental Quality and the Oklahoma Tax Commission, as
16 provided in the Oklahoma Emission Reduction Technology Incentive
17 Act.

18 C. To be eligible for a rebate payment:

19 1. The applicant responsible for the implementation of a
20 qualified Emission Reduction Project in this state shall submit
21 documentation to the Department of Environmental Quality no later
22 than six (6) months after the end of the fiscal year in which the
23 expenditures were made stating the amount of expenditures made in
24

1 this state directly related to the implementation of the qualified
2 Emission Reduction Project;

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

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

10 D. The Department of Environmental Quality shall approve or
11 disapprove all claims for a rebate payment and shall notify the
12 Oklahoma Tax Commission. The Tax Commission shall, upon
13 notification of approval from the Department of Environmental
14 Quality, issue a rebate payment for all approved claims from funds
15 in the Oklahoma Emission Reduction Technology Upstream and Midstream
16 Incentive Revolving Fund created in ~~Section 5 of this act~~ Section
17 55010 of this title and the Oklahoma Emission Reduction Technology
18 Downstream Incentive Revolving Fund created in Section 55010 of this
19 title. Rebate payments from the ~~fund~~ Oklahoma Emission Reduction
20 Technology Upstream and Midstream Incentive Revolving Fund shall not
21 exceed ~~Ten Million Dollars (\$10,000,000.00)~~ One Hundred Million
22 Dollars (\$100,000,000.00) in any fiscal year, and rebate payments
23 from the Oklahoma Emission Reduction Technology Downstream Incentive
24 Revolving Fund shall not exceed Twenty-Five Million Dollars

1 (\$25,000,000.00) in any fiscal year. If the amount of approved
2 claims exceeds the amount specified in this subsection, for either
3 fund, in a fiscal year, payments shall be made proportionately to
4 all of the parties making a claim prior to the deadline which is
5 approved by the Department of Environmental Quality with the amount
6 to be paid to each approved party being product of the individual
7 claim amount times the percentage resulting from ~~Ten Million Dollars~~
8 ~~(\$10,000,000.00)~~ Twenty-five Million Dollars (\$25,000,000.00)
9 divided by the total amount of approved claims for the period. If
10 an approved claim is not paid in whole or in part, the unpaid claim
11 or unpaid portion shall be paid in the following fiscal years in the
12 order in which the claims are approved by the Department.

13 E. Approved claims for rebate that exceed the balance of the
14 Oklahoma Emission Reduction Technology Upstream and Midstream
15 Incentive Revolving Fund created in ~~Section 5 of this act~~ Section
16 55010 of this title and the Oklahoma Emission Reduction Technology
17 Downstream Incentive Revolving Fund created in Section 55010 of this
18 title may be paid in part and the unpaid portion shall be paid upon
19 the applicable fund reaching a sufficient balance in the order in
20 which the claims are approved by the Department.

21 SECTION 4. AMENDATORY Section 5, Chapter 346, O.S.L.
22 2022 (68 O.S. Supp. 2023, Section 55010), is amended to read as
23 follows:
24

1 Section 55010. A. There is hereby created in the State
2 Treasury a revolving fund for the Oklahoma Tax Commission to be
3 designated the "Oklahoma Emission Reduction Technology Upstream and
4 Midstream Incentive Revolving Fund". The fund shall be a continuing
5 fund, not subject to fiscal year limitations, and shall consist of
6 all monies received by the Tax Commission from any public or private
7 donations, contributions, and gifts received for the benefit of the
8 fund and any amounts appropriated by the ~~Oklahoma~~ Legislature
9 designated for deposit in the fund. All monies accruing to the
10 credit of the fund are hereby appropriated and may be budgeted and
11 expended by the Tax Commission for the purpose of paying rebates for
12 emission reduction projects, except for projects pertaining to
13 refining activities, as provided in ~~this act~~ the Oklahoma Emission
14 Reduction Technology Incentive Act. Expenditures from the fund
15 shall be made upon warrants issued by the State Treasurer against
16 claims filed as prescribed by law with the Director of the Office of
17 Management and Enterprise Services for approval and payment. Any
18 remaining unencumbered balance upon the cessation of the Oklahoma
19 Emission Reduction Technology Rebate Program, as provided in ~~Section~~
20 ~~7 of this act~~ Section 55012 of this title, shall be transferred to
21 the General Revenue Fund of ~~the State of Oklahoma~~ this state.

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

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

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

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

17 SECTION 5. There is hereby appropriated to the Oklahoma Tax
18 Commission for deposit in the Oklahoma Emission Reduction Technology
19 Upstream and Midstream Incentive Revolving Fund from any monies not
20 otherwise appropriated from the General Revenue Fund of the State
21 Treasury for the fiscal year ending June 30, 2023, the sum of One
22 Hundred Million Dollars (\$100,000,000.00).

23 SECTION 6. There is hereby appropriated to the Oklahoma Tax
24 Commission for deposit in the Oklahoma Emission Reduction Technology

1 Downstream Incentive Revolving Fund from any monies not otherwise
2 appropriated from the General Revenue Fund of the State Treasury for
3 the fiscal year ending June 30, 2023, the sum of Twenty-Five Million
4 Dollars (\$25,000,000.00).

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

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

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