

1 STATE OF OKLAHOMA

2 1st Extraordinary Session of the 56th Legislature (2017)

3 HOUSE BILL 1076

By: Williams

4
5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Section 1001, as last amended by Section
9 1, Chapter 355, O.S.L. 2017 (68 O.S. Supp. 2017,
10 Section 1001), which relates to gross production tax;
11 limiting period where certain reduced rates are
12 applicable; amending 68 O.S. 2011, Section 1004, as
13 last amended by Section 2, Chapter 355, O.S.L. 2017
14 (68 O.S. Supp. 2017, Section 1004), which relates to
15 apportionment and use of gross production tax
16 proceeds; modifying apportionments; amending Section
17 2, State Question No. 781, Initiative Petition No.
18 405 (57 O.S. Supp. 2017, Section 631), which relates
19 to the County Community Safety Investment Fund,
20 allowing reception of monies designated by law; and
21 declaring an emergency.

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

23 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1001, as
24 last amended by Section 1, Chapter 355, O.S.L. 2017 (68 O.S. Supp.
2017, Section 1001), is amended to read as follows:

25 Section 1001. A. There is hereby levied upon the production of
26 asphalt, ores bearing lead, zinc, jack and copper a tax equal to
27 three-fourths of one percent (3/4 of 1%) on the gross value thereof.

28 B. 1. Effective July 1, 2013, through June 30, 2015, except as
29 otherwise exempted pursuant to subsections D, E, F, G, H, I and J of

1 this section, there shall be levied upon the production of oil a tax
2 equal to seven percent (7%) of the gross value of the production of
3 oil based on a per barrel measurement of forty-two (42) U.S. gallons
4 of two hundred thirty-one (231) cubic inches per gallon, computed at
5 a temperature of sixty (60) degrees Fahrenheit.

6 2. Effective July 1, 2013, through June 30, 2015, except as
7 otherwise exempted pursuant to subsections D, E, F, G, H, I and J of
8 this section, there shall be levied a tax equal to seven percent
9 (7%) of the gross value of the production of gas.

10 3. Effective July 1, 2015, except as otherwise provided in this
11 section, there shall be levied a tax on the gross value of the
12 production of oil and gas as follows:

13 a. upon the production of oil a tax equal to seven
14 percent (7%) of the gross value of the production of
15 oil based on a per barrel measurement of forty-two
16 (42) U.S. gallons of two hundred thirty-one (231)
17 cubic inches per gallon, computed at a temperature of
18 sixty (60) degrees Fahrenheit,

19 b. upon the production of gas a tax equal to seven
20 percent (7%) of the gross value of the production of
21 gas, and

22 c. notwithstanding the levies in subparagraphs a and b of
23 this paragraph, the production of oil, gas, or oil and
24 gas from wells spudded on or after July 1, 2015, and

1 prior to the effective date of this act, shall be
2 taxed at a rate of two percent (2%) commencing with
3 the month of first production for a period of thirty-
4 six (36) months; provided, however, that the reduced
5 rate provided by this subparagraph shall not apply to
6 production occurring on or after the effective date of
7 this act. Thereafter, the production shall be taxed
8 as provided in subparagraphs a and b of this
9 paragraph.

10 C. The taxes hereby levied shall also attach to, and are levied
11 on, what is known as the royalty interest, and the amount of such
12 tax shall be a lien on such interest.

13 D. 1. Except as otherwise provided in this section, for
14 secondary recovery projects approved or having an initial project
15 beginning date on or after July 1, 2000, and before July 1, 2017,
16 any incremental production attributable to the working interest
17 owners which results from such secondary recovery projects shall be
18 exempt from the gross production tax levied pursuant to this section
19 for a period not to exceed five (5) years from the initial project
20 beginning date or for a period ending upon the termination of the
21 secondary recovery process, whichever occurs first; provided
22 however, that the exemption provided by this paragraph shall not
23 apply to production occurring on or after July 1, 2017.

1 2. Except as otherwise provided in this section, for tertiary
2 recovery projects approved and having a project beginning date on or
3 after July 1, 1993, and before July 1, 2017, any incremental
4 production attributable to the working interest owners which results
5 from such tertiary recovery projects shall be exempt from the gross
6 production tax levied pursuant to this section from the project
7 beginning date until project payback is achieved, but not to exceed
8 a period of ten (10) years; provided however, that the exemption
9 provided by this paragraph shall not apply to production occurring
10 on or after July 1, 2017. Project payback pursuant to this
11 paragraph shall be determined by appropriate payback indicators
12 which will provide for the recovery of capital expenses and
13 operating expenses, excluding administrative expenses, in
14 determining project payback. The capital expenses of pipelines
15 constructed to transport carbon dioxide to a tertiary recovery
16 project shall not be included in determining project payback
17 pursuant to this paragraph.

18 3. The provisions of this subsection shall also not apply to
19 any enhanced recovery project using fresh water as the primary
20 injectant, except when using steam.

21 4. For purposes of this subsection:

22 a. "incremental production" means the amount of crude oil
23 or other liquid hydrocarbons which is produced during
24 an enhanced recovery project and which is in excess of

1 the base production amount of crude oil or other
2 liquid hydrocarbons. The base production amount shall
3 be the average monthly amount of production for the
4 twelve-month period immediately prior to the project
5 beginning date minus the monthly rate of production
6 decline for the project for each month beginning one
7 hundred eighty (180) days prior to the project
8 beginning date. The monthly rate of production
9 decline shall be equal to the average extrapolated
10 monthly decline rate for the twelve-month period
11 immediately prior to the project beginning date as
12 determined by the Corporation Commission based on the
13 production history of the field, its current status,
14 and sound reservoir engineering principles, and

15 b. "project beginning date" means the date on which the
16 injection of liquids, gases, or other matter begins on
17 an enhanced recovery project.

18 5. The Corporation Commission shall promulgate rules for the
19 qualification for this exemption which shall include, but not be
20 limited to, procedures for determining incremental production as
21 defined in subparagraph a of paragraph 4 of this subsection, and the
22 establishment of appropriate payback indicators as approved by the
23 Tax Commission for the determination of project payback for each of
24 the exemptions authorized by this subsection.

1 6. For new secondary recovery projects and tertiary recovery
2 projects approved by the Corporation Commission on or after July 1,
3 1993, and before July 1, 2017, such approval shall constitute
4 qualification for an exemption.

5 7. Any person seeking an exemption shall file an application
6 for such exemption with the Tax Commission which, upon determination
7 of qualification by the Corporation Commission, shall approve the
8 application for such exemption.

9 8. The Tax Commission may require any person requesting such
10 exemption to furnish information or records concerning the exemption
11 as is deemed necessary by the Tax Commission.

12 9. Upon the expiration of the exemption granted pursuant to
13 this subsection, the Tax Commission shall collect the gross
14 production tax levied pursuant to this section.

15 E. 1. Except as otherwise provided in this section, the
16 production of oil, gas or oil and gas from a horizontally drilled
17 well producing prior to July 1, 2011, which production commenced
18 after July 1, 2002, shall be exempt from the gross production tax
19 levied pursuant to subsection B of this section from the project
20 beginning date until project payback is achieved but not to exceed a
21 period of forty-eight (48) months commencing with the month of
22 initial production from the horizontally drilled well. For purposes
23 of subsection D of this section and this subsection, project payback
24 shall be determined as of the date of the completion of the well and

1 shall not include any expenses beyond the completion date of the
2 well, and subject to the approval of the Tax Commission.

3 2. Claims for refund for the production periods within the
4 fiscal years ending June 30, 2010, and June 30, 2011, shall be filed
5 and received by the Tax Commission no later than December 31, 2011.

6 3. For production commenced on or after July 1, 2011, and prior
7 to July 1, 2015, the tax levied pursuant to the provisions of this
8 section on the production of oil, gas or oil and gas from a
9 horizontally drilled well shall be reduced to a rate of one percent
10 (1%) for a period of forty-eight (48) months from the month of
11 initial production; provided ~~however~~, such production occurring on
12 or after July 1, 2017, and prior to the effective date of this act
13 for the remainder of such forty-eight-month period shall be subject
14 to a reduced rate of four percent (4%); further provided, that the
15 reduced rate provided by this paragraph shall not apply to
16 production occurring on or after the effective date of this act.

17 The taxes collected from the production of oil shall be apportioned
18 pursuant to the provisions of paragraph 7 of subsection B of Section
19 1004 of this title. The taxes collected from the production of gas
20 shall be apportioned pursuant to the provisions of paragraph 3 of
21 subsection B of Section 1004 of this title.

22 4. The production of oil, gas or oil and gas on or after July
23 1, 2011, and prior to July 1, 2015, from these qualifying wells
24 shall be taxed at a rate of one percent (1%) until the expiration of

1 forty-eight (48) months commencing with the month of initial
2 production.

3 5. As used in this subsection, "horizontally drilled well"
4 shall mean an oil, gas or oil and gas well drilled or recompleted in
5 a manner which encounters and subsequently produces from a
6 geological formation at an angle in excess of seventy (70) degrees
7 from vertical and which laterally penetrates a minimum of one
8 hundred fifty (150) feet into the pay zone of the formation.

9 F. 1. Except as otherwise provided by this section, the
10 severance or production of oil, gas or oil and gas from an inactive
11 well shall be exempt from the gross production tax levied pursuant
12 to subsection B of this section for a period of twenty-eight (28)
13 months from the date upon which production is reestablished;
14 provided however, that the exemption provided by this paragraph
15 shall not apply to production occurring on or after July 1, 2017.
16 This exemption shall take effect July 1, 1994, and shall apply to
17 wells for which work to reestablish or enhance production began on
18 or after July 1, 1994, and for which production is reestablished
19 prior to July 1, 2017. For all such production, a refund against
20 gross production taxes shall be issued as provided in subsection L
21 of this section.

22 2. As used in this subsection, for wells for which production
23 is reestablished prior to July 1, 1997, "inactive well" means any
24 well that has not produced oil, gas or oil and gas for a period of

1 not less than two (2) years as evidenced by the appropriate forms on
2 file with the Corporation Commission reflecting the well's status.
3 As used in this subsection, for wells for which production is
4 reestablished on or after July 1, 1997, and prior to July 1, 2017,
5 "inactive well" means any well that has not produced oil, gas or oil
6 and gas for a period of not less than one (1) year as evidenced by
7 the appropriate forms on file with the Corporation Commission
8 reflecting the well's status. Wells which experience mechanical
9 failure or loss of mechanical integrity, as defined by the
10 Corporation Commission, including but not limited to, casing leaks,
11 collapse of casing or loss of equipment in a wellbore, or any
12 similar event which causes cessation of production, shall also be
13 considered inactive wells.

14 G. 1. Except as otherwise provided by this section, any
15 incremental production which results from a production enhancement
16 project shall be exempt from the gross production tax levied
17 pursuant to subsection B of this section for a period of twenty-
18 eight (28) months from the date of first sale after project
19 completion of the production enhancement project; provided however,
20 that the exemption provided by this paragraph shall not apply to
21 production occurring on or after July 1, 2017. This exemption shall
22 take effect July 1, 1994, and shall apply to production enhancement
23 projects having a project beginning date on or after July 1, 1994,
24 and prior to July 1, 2017. For all such production, a refund

1 against gross production taxes shall be issued as provided in
2 subsection L of this section.

3 2. As used in this subsection:

4 a. for production enhancement projects having a project
5 beginning date on or after July 1, 1997, and prior to
6 July 1, 2017, "production enhancement project" means
7 any workover as defined in this paragraph,
8 recompletion as defined in this paragraph, reentry of
9 plugged and abandoned wellbores, or addition of a well
10 or field compression,

11 b. "incremental production" means the amount of crude
12 oil, natural gas or other hydrocarbons which are
13 produced as a result of the production enhancement
14 project in excess of the base production,

15 c. "base production" means the average monthly amount of
16 production for the twelve-month period immediately
17 prior to the commencement of the project or the
18 average monthly amount of production for the twelve-
19 month period immediately prior to the commencement of
20 the project less the monthly rate of production
21 decline for the project for each month beginning one
22 hundred eighty (180) days prior to the commencement of
23 the project. The monthly rate of production decline
24 shall be equal to the average extrapolated monthly

1 decline rate for the twelve-month period immediately
2 prior to the commencement of the project based on the
3 production history of the well. If the well or wells
4 covered in the application had production for less
5 than the full twelve-month period prior to the filing
6 of the application for the production enhancement
7 project, the base production shall be the average
8 monthly production for the months during that period
9 that the well or wells produced,

10 d. for production enhancement projects having a project
11 beginning date on or after July 1, 1997, and prior to
12 July 1, 2017, "recompletion" means any downhole
13 operation in an existing oil or gas well that is
14 conducted to establish production of oil or gas from
15 any geologic interval not currently completed or
16 producing in such existing oil or gas well within the
17 same or a different geologic formation, and

18 e. "workover" means any downhole operation in an existing
19 oil or gas well that is designed to sustain, restore
20 or increase the production rate or ultimate recovery
21 in a geologic interval currently completed or
22 producing in the existing oil or gas well. For
23 production enhancement projects having a project
24 beginning date on or after July 1, 1997, and prior to

1 July 1, 2017, "workover" includes, but is not limited
2 to:

- 3 (1) acidizing,
- 4 (2) reperforating,
- 5 (3) fracture treating,
- 6 (4) sand/paraffin/scale removal or other wellbore
7 cleanouts,
- 8 (5) casing repair,
- 9 (6) squeeze cementing,
- 10 (7) installation of compression on a well or group of
11 wells or initial installation of artificial lifts
12 on gas wells, including plunger lifts, rod pumps,
13 submersible pumps and coiled tubing velocity
14 strings,
- 15 (8) downsizing existing tubing to reduce well
16 loading,
- 17 (9) downhole commingling,
- 18 (10) bacteria treatments,
- 19 (11) upgrading the size of pumping unit equipment,
- 20 (12) setting bridge plugs to isolate water production
21 zones, or
- 22 (13) any combination thereof.

23 "Workover" shall not mean the routine maintenance,
24 routine repair, or like for like replacement of

1 downhole equipment such as rods, pumps, tubing,
2 packers, or other mechanical devices.

3 H. 1. For purposes of this subsection, "depth" means the
4 length of the maximum continuous string of drill pipe utilized
5 between the drill bit face and the drilling rig's kelly bushing.

6 2. Except as otherwise provided in subsection K of this
7 section:

8 a. the production of oil, gas or oil and gas from wells
9 spudded between July 1, 1997, and July 1, 2005, and
10 drilled to a depth of twelve thousand five hundred
11 (12,500) feet or greater and wells spudded between
12 July 1, 2005, and July 1, 2015, and drilled to a depth
13 between twelve thousand five hundred (12,500) feet and
14 fourteen thousand nine hundred ninety-nine (14,999)
15 feet shall be exempt from the gross production tax
16 levied pursuant to subsection B of this section from
17 the date of first sales for a period of twenty-eight
18 (28) months; provided however, that the exemption
19 provided by this subparagraph shall not apply to
20 production occurring on or after July 1, 2017,

21 b. the production of oil, gas or oil and gas from wells
22 spudded between July 1, 2002, and July 1, 2005, and
23 drilled to a depth of fifteen thousand (15,000) feet
24 or greater and wells spudded between July 1, 2005, and

1 July 1, 2011, and drilled to a depth between fifteen
2 thousand (15,000) feet and seventeen thousand four
3 hundred ninety-nine (17,499) feet shall be exempt from
4 the gross production tax levied pursuant to subsection
5 B of this section from the date of first sales for a
6 period of forty-eight (48) months,

7 c. the production of oil, gas or oil and gas from wells
8 spudded between July 1, 2002, and July 1, 2011, and
9 drilled to a depth of seventeen thousand five hundred
10 (17,500) feet or greater shall be exempt from the
11 gross production tax levied pursuant to subsection B
12 of this section from the date of first sales for a
13 period of sixty (60) months,

14 d. the tax levied pursuant to the provisions of this
15 section on the production of oil, gas or oil and gas
16 from wells spudded between July 1, 2011, and July 1,
17 2015, and drilled to a depth between fifteen thousand
18 (15,000) feet and seventeen thousand four hundred
19 ninety-nine (17,499) feet shall be reduced to a rate
20 of four percent (4%) for a period of forty-eight (48)
21 months from the date of first sales; provided,
22 however, that the reduced rate provided by this
23 subparagraph shall not apply to production occurring
24 on or after the effective date of this act. The taxes

1 collected from the production of oil shall be
2 apportioned pursuant to the provisions of paragraph 7
3 of subsection B of Section 1004 of this title. The
4 taxes collected from the production of gas shall be
5 apportioned pursuant to the provisions of paragraph 3
6 of subsection B of Section 1004 of this title,

7 e. the tax levied pursuant to the provisions of this
8 section on the production of oil, gas or oil and gas
9 from wells spudded between July 1, 2011, and July 1,
10 2015, and drilled to a depth of seventeen thousand
11 five hundred (17,500) feet or greater shall be reduced
12 to a rate of four percent (4%) for a period of sixty
13 (60) months from the date of first sales; provided,
14 however, that the reduced rate provided by this
15 subparagraph shall not apply to production occurring
16 on or after the effective date of this act. The taxes

17 collected from the production of oil shall be
18 apportioned pursuant to the provisions of paragraph 7
19 of subsection B of Section 1004 of this title. The
20 taxes collected from the production of gas shall be
21 apportioned pursuant to the provisions of paragraph 3
22 of subsection B of Section 1004 of this title, and

23 f. the provisions of subparagraphs b and c of this
24 paragraph shall only apply to the production of wells

1 qualifying for the exemption provided under these
2 subparagraphs prior to July 1, 2011. The production
3 of oil, gas or oil and gas on or after July 1, 2011,
4 and before July 1, 2015, from wells qualifying under
5 subparagraph b of this paragraph shall be taxed at a
6 rate of four percent (4%) until the expiration of
7 forty-eight (48) months from the date of first sales
8 and the production of oil, gas or oil and gas on or
9 after July 1, 2011, and before July 1, 2015, from
10 wells qualifying under subparagraph c of this
11 paragraph shall be taxed at a rate of four percent
12 (4%) until the expiration of sixty (60) months from
13 the date of first sales.

14 3. Except as otherwise provided for in this subsection, for all
15 such wells spudded, a refund against gross production taxes shall be
16 issued as provided in subsection L of this section.

17 I. Except as otherwise provided by this section, the production
18 of oil, gas or oil and gas from wells spudded or reentered between
19 July 1, 1995, and July 1, 2015, which qualify as a new discovery
20 pursuant to this subsection shall be exempt from the gross
21 production tax levied pursuant to subsection B of this section from
22 the date of first sales for a period of twenty-eight (28) months;
23 provided however, that the exemption provided by this subsection
24 shall not apply to production occurring on or after July 1, 2017.

1 For all such wells spudded or reentered, a refund against gross
2 production taxes shall be issued as provided in subsection L of this
3 section. As used in this subsection, "new discovery" means
4 production of oil, gas or oil and gas from:

5 1. For wells spudded or reentered on or after July 1, 1997, and
6 prior to July 1, 2015, a well that discovers crude oil in paying
7 quantities that is more than one (1) mile from the nearest oil well
8 producing from the same producing interval of the same formation;

9 2. For wells spudded or reentered on or after July 1, 1997, and
10 prior to July 1, 2015, a well that discovers crude oil in paying
11 quantities beneath current production in a deeper producing interval
12 that is more than one (1) mile from the nearest oil well producing
13 from the same deeper producing interval;

14 3. For wells spudded or reentered on or after July 1, 1997, and
15 prior to July 1, 2015, a well that discovers natural gas in paying
16 quantities that is more than two (2) miles from the nearest gas well
17 producing from the same producing interval; or

18 4. For wells spudded or reentered on and after July 1, 1997,
19 and prior to July 1, 2015, a well that discovers natural gas in
20 paying quantities beneath current production in a deeper producing
21 interval that is more than two (2) miles from the nearest gas well
22 producing from the same deeper producing interval.

23 J. Except as otherwise provided by this section, the production
24 of oil, gas or oil and gas from any well, drilling of which is

1 commenced after July 1, 2000, and prior to July 1, 2015, located
2 within the boundaries of a three-dimensional seismic shoot and
3 drilled based on three-dimensional seismic technology, shall be
4 exempt from the gross production tax levied pursuant to subsection B
5 of this section from the date of first sales as follows:

6 1. If the three-dimensional seismic shoot is shot prior to July
7 1, 2000, for a period of eighteen (18) months; and

8 2. If the three-dimensional seismic shoot is shot on or after
9 July 1, 2000, for a period of twenty-eight (28) months; provided
10 however, that the exemption provided by this subsection shall not
11 apply to production occurring on or after July 1, 2017. For all
12 such production, a refund against gross production taxes shall be
13 issued as provided in subsection L of this section.

14 K. 1. The exemptions provided for in subsections F, G, I and J
15 of this section, the exemption provided for in subparagraph a of
16 paragraph 2 of subsection H of this section, and the exemptions
17 provided for in subparagraphs b and c of paragraph 2 of subsection H
18 of this section for production from wells spudded before July 1,
19 2005, shall not apply:

20 a. to the severance or production of oil, upon
21 determination by the Tax Commission that the average
22 annual index price of Oklahoma oil exceeds Thirty
23 Dollars (\$30.00) per barrel calculated on an annual
24 calendar year basis, as adjusted for inflation using

1 the Consumer Price Index-All Urban Consumers (CPI-U)
2 as published by the Bureau of Labor Statistics of the
3 U.S. Department of Labor or its successor agency.
4 Such adjustment shall be based on the most current
5 data available for the preceding twelve-month period
6 and shall be applied for the fiscal year which begins
7 on the July 1 date immediately following the release
8 of the CPI-U data by the Bureau of Statistics.

9 (1) The "average annual index price" will be
10 calculated by multiplying the West Texas
11 Intermediate closing price by the "index price
12 ratio". The index price ratio is defined as the
13 immediate preceding three-year historical average
14 ratio of the actual weighted average wellhead
15 price to the West Texas Intermediate close price
16 published on the last business day of each month.

17 (2) The average annual index price will be updated
18 annually by the Oklahoma Tax Commission no later
19 than March 31 of each year.

20 (3) If the West Texas Intermediate Crude price is
21 unavailable for any reason, an industry benchmark
22 price may be substituted and used for the
23 calculation of the index price as determined by
24 the Tax Commission,

1 b. to the severance or production of oil or gas upon
2 which gross production taxes are paid at a rate of one
3 percent (1%) pursuant to the provisions of subsection
4 B of this section, and

5 c. to the severance or production of gas, upon
6 determination by the Tax Commission that the average
7 annual index price of Oklahoma gas exceeds Five
8 Dollars (\$5.00) per thousand cubic feet (mcf)
9 calculated on an annual calendar year basis as
10 adjusted for inflation using the Consumer Price Index-
11 All Urban Consumers (CPI-U) as published by the Bureau
12 of Labor Statistics of the U.S. Department of Labor or
13 its successor agency. Such adjustment shall be based
14 on the most current data available for the preceding
15 twelve-month period and shall be applied for the
16 fiscal year which begins on the July 1 date
17 immediately following the release of the CPI-U data by
18 the Bureau of Statistics.

19 (1) The "average annual index price" will be
20 calculated by multiplying the Henry Hub 3-Day
21 Average Close price by the "index price ratio".
22 The index price ratio is defined as the immediate
23 preceding three-year historical average ratio of
24 the actual weighted average wellhead price to the

1 Henry Hub 3-Day Average Close price published on
2 the last business day of each month.

3 (2) The average annual index price will be updated
4 annually by the Oklahoma Tax Commission no later
5 than March 31 of each year.

6 (3) If the Henry Hub 3-Day Average Close price is
7 unavailable for any reason, an industry benchmark
8 price may be substituted and used for the
9 calculation of the index price as determined by
10 the Tax Commission.

11 2. Notwithstanding the exemptions granted pursuant to
12 subsections F, G, I, J, paragraph 1 of subsection E, and
13 subparagraph a of paragraph 2 of subsection H of this section, there
14 shall continue to be levied upon the production of petroleum or
15 other crude or mineral oil or natural gas or casinghead gas, as
16 provided in subsection B of this section, from any wells provided
17 for in subsections F, G, I, J, paragraph 1 of subsection E, and
18 subparagraph a of paragraph 2 of subsection H of this section, a tax
19 equal to one percent (1%) of the gross value of the production of
20 petroleum or other crude or mineral oil or natural gas or casinghead
21 gas. The tax hereby levied shall be apportioned as follows:

22 a. fifty percent (50%) of the sum collected shall be
23 apportioned to the County Highway Fund as provided in
24

1 subparagraph b of paragraph 1 of subsection B of
2 Section 1004 of this title, and

- 3 b. fifty percent (50%) of the sum collected shall be
4 apportioned to the appropriate school district as
5 provided in subparagraph c of paragraph 1 of
6 subsection B of Section 1004 of this title.

7 Upon the expiration of the exemption granted pursuant to
8 subsection E, F, G, H, I or J of this section, the provisions of
9 this paragraph shall have no force or effect.

10 L. 1. Prior to July 1, 2015, and except as provided in
11 subsection M of this section, for all oil and gas production exempt
12 from gross production taxes pursuant to subsections E, F, G, H, I
13 and J of this section during a given fiscal year, a refund of gross
14 production taxes shall be issued to the well operator or a designee
15 in the amount of such gross production taxes paid during such
16 period, subject to the following provisions:

- 17 a. a refund shall not be claimed until after the end of
18 such fiscal year. As used in this subsection, a
19 fiscal year shall be deemed to begin on July 1 of one
20 calendar year and shall end on June 30 of the
21 subsequent calendar year,
22 b. unless otherwise specified, no claims for refunds
23 pursuant to the provisions of this subsection shall be
24 filed more than eighteen (18) months after the first

1 day of the fiscal year in which the refund is first
2 available,

3 c. no claims for refunds pursuant to the provisions of
4 this subsection shall be filed by or on behalf of
5 persons other than the operator or a working interest
6 owner of record at the time of production,

7 d. no refunds shall be claimed or paid pursuant to the
8 provisions of this subsection for oil or gas
9 production upon which a tax is paid at a rate of one
10 percent (1%) as specified in subsection B of this
11 section, and

12 e. no refund shall be paid unless the person making the
13 claim for refund demonstrates by affidavit or other
14 means prescribed by the Tax Commission that an amount
15 equal to or greater than the amount of the refund has
16 been invested in the exploration for or production of
17 crude oil or natural gas in this state by such person
18 not more than three (3) years prior to the date of the
19 claim. No amount of investment used to qualify for a
20 refund pursuant to the provisions of this subsection
21 may be used to qualify for another refund pursuant to
22 the provisions of this subsection.

23 If there are insufficient funds collected from the production of
24 oil to satisfy the refunds claimed for oil production pursuant to

1 subsection E, F, G, H, I or J of this section, the Tax Commission
2 shall pay the balance of the refund claims out of the gross
3 production taxes collected from the production of gas.

4 2. On or after July 1, 2015, for all oil and gas production
5 exempt from gross production taxes pursuant to subsections F and G
6 of this section during a given fiscal year, a refund of gross
7 production taxes shall be issued to the well operator or a designee
8 in the amount of such gross production taxes paid during such
9 period, subject to the following provisions:

10 a. a refund shall not be claimed until after the end of
11 such fiscal year. As used in this subsection, a
12 fiscal year shall be deemed to begin on July 1 of one
13 calendar year and shall end on June 30 of the
14 subsequent calendar year,

15 b. unless otherwise specified, no claims for refunds
16 pursuant to the provisions of this subsection shall be
17 filed more than eighteen (18) months after the first
18 day of the fiscal year in which the refund is first
19 available, or September 30, 2017, whichever is sooner,

20 c. no claims for refunds pursuant to the provisions of
21 this subsection shall be filed by or on behalf of
22 persons other than the operator or a working interest
23 owner of record at the time of production,
24

1 d. no refunds shall be claimed or paid pursuant to the
2 provisions of this subsection for oil or gas
3 production upon which a tax is paid at a rate of two
4 percent (2%), and

5 e. no refund shall be paid unless the person making the
6 claim for refund demonstrates by affidavit or other
7 means prescribed by the Tax Commission that an amount
8 equal to or greater than the amount of the refund has
9 been invested in the exploration for or production of
10 crude oil or natural gas in this state by such person
11 not more than three (3) years prior to the date of the
12 claim. No amount of investment used to qualify for a
13 refund pursuant to the provisions of this paragraph
14 may be used to qualify for another refund pursuant to
15 the provisions of this paragraph.

16 If there are insufficient funds collected from the production of
17 oil or gas to satisfy the refunds claimed for oil or gas production
18 pursuant to subsection F or G of this section, the Tax Commission
19 shall pay the balance of the refund claims out of the gross
20 production taxes collected from either the production of oil or gas,
21 as necessary.

22 3. Notwithstanding any other provisions of law, after the
23 effective date of this act, no refund of gross production taxes
24 shall be claimed for oil and gas production exempt from gross

1 production taxes pursuant to subsections E, F, G, H, I and J of this
2 section for production occurring prior to July 1, 2003.

3 4. Notwithstanding any other provision of this section, no
4 claims for refunds pursuant to the provisions of subsections F, G, I
5 and J and subparagraph a of paragraph 2 of subsection H of this
6 section shall be filed or accepted on or after October 1, 2017.

7 M. Claims for refunds pursuant to the provisions of subsections
8 F, G, I and J and subparagraph a of paragraph 2 of subsection H of
9 this section for production periods ending on or before June 30,
10 2017, shall be paid pursuant to the provisions of this subsection.
11 The claims for refunds referenced herein shall be paid in equal
12 payments over a period of thirty-six (36) months. The first payment
13 shall be made after July 1, 2018, but prior to August 1, 2018. The
14 Tax Commission shall provide, not later than June 30, 2018, to the
15 operator or designated interest owner, a schedule of rebates to be
16 paid out over the thirty-six-month period.

17 N. 1. The Corporation Commission and the Tax Commission shall
18 promulgate joint rules for the qualification for the exemptions
19 provided for in this section and the rules shall contain provisions
20 for verification of any wells from which production may be qualified
21 for the exemptions. The Tax Commission shall adopt rules and
22 regulations which establish guidelines for production of oil or gas
23 after July 1, 2011, which is exempt from tax pursuant to the
24 provisions of paragraph 1 of subsection E and subparagraphs b and c

1 of paragraph 2 of subsection H of this section to remit tax at the
2 reduced rate provided in paragraph 2 of subsection E and
3 subparagraphs d and e of paragraph 2 of subsection H of this section
4 until the end of the qualifying exemption period.

5 2. Any person requesting any exemption shall file an
6 application for qualification for the exemption with the Corporation
7 Commission which, upon finding that the well meets the requirements
8 of this section, shall approve the application for qualification.

9 3. Any person seeking an exemption shall:

10 a. file an application for the exemption with the Tax
11 Commission which, upon determination of qualification
12 by the Corporation Commission, shall approve the
13 application for an exemption, and

14 b. provide a copy of the approved application to the
15 remitter of the gross production tax.

16 4. The Tax Commission may require any person requesting an
17 exemption to furnish necessary financial and other information or
18 records in order to determine and justify the refund.

19 5. Upon the expiration of an exemption granted pursuant to this
20 section, the Tax Commission shall collect the gross production tax
21 levied pursuant to this section. If a person who qualifies for the
22 exemption elects to remit his or her own gross production tax during
23 the exemption period, the first purchaser shall not be liable to
24 withhold or remit the tax until the first day of the month following

1 the receipt of written notification from the person who is qualified
2 for such exemption stating that such exemption has expired and
3 directing the first purchaser to resume tax remittance on his or her
4 behalf.

5 O. 1. Prior to July 1, 2015, persons shall only be entitled to
6 either the exemption granted pursuant to subsection D of this
7 section or the exemption granted pursuant to subsection E, F, G, H,
8 I or J of this section for each oil, gas or oil and gas well drilled
9 or recompleted in this state. However, any person who qualifies for
10 the exemption granted pursuant to subsection E, F, G, H, I or J of
11 this section shall not be prohibited from qualification for the
12 exemption granted pursuant to subsection D of this section, if the
13 exemption granted pursuant to subsection E, F, G, H, I or J of this
14 section has expired.

15 2. On or after July 1, 2015, all persons shall only be entitled
16 to either the exemption granted pursuant to subsection D of this
17 section or the exemption granted pursuant to subsection F or G of
18 this section for each oil, gas, or oil and gas well drilled or
19 recompleted in this state. However, any person who qualifies for
20 the exemption granted pursuant to subsections F and G of this
21 section shall not be prohibited from qualification for the exemption
22 granted pursuant to subsection D of this section if the exemption
23 granted pursuant to subsection F or G of this section has expired.
24 Further, the exemption granted pursuant to subsection D of this

1 section shall not apply to any production upon which a tax is paid
2 at a rate of two percent (2%).

3 P. The Tax Commission shall have the power to require any such
4 person engaged in mining or the production or the purchase of such
5 asphalt, mineral ores aforesaid, oil, or gas, or the owner of any
6 royalty interest therein to furnish any additional information by it
7 deemed to be necessary for the purpose of correctly computing the
8 amount of the tax; and to examine the books, records and files of
9 such person; and shall have power to conduct hearings and compel the
10 attendance of witnesses, and the production of books, records and
11 papers of any person.

12 Q. Any person or any member of any firm or association, or any
13 officer, official, agent or employee of any corporation who shall
14 fail or refuse to testify; or who shall fail or refuse to produce
15 any books, records or papers which the Tax Commission shall require;
16 or who shall fail or refuse to furnish any other evidence or
17 information which the Tax Commission may require; or who shall fail
18 or refuse to answer any competent questions which may be put to him
19 or her by the Tax Commission, touching the business, property,
20 assets or effects of any such person relating to the gross
21 production tax imposed by this article or exemption authorized
22 pursuant to this section or other laws, shall be guilty of a
23 misdemeanor, and, upon conviction thereof, shall be punished by a
24 fine of not more than Five Hundred Dollars (\$500.00), or

1 imprisonment in the jail of the county where such offense shall have
2 been committed, for not more than one (1) year, or by both such fine
3 and imprisonment; and each day of such refusal on the part of such
4 person shall constitute a separate and distinct offense.

5 R. The Tax Commission shall have the power and authority to
6 ascertain and determine whether or not any report herein required to
7 be filed with it is a true and correct report of the gross products,
8 and of the value thereof, of such person engaged in the mining or
9 production or purchase of asphalt and ores bearing minerals
10 aforesaid and of oil and gas. If any person has made an untrue or
11 incorrect report of the gross production or value or volume thereof,
12 or shall have failed or refused to make such report, the Tax
13 Commission shall, under the rules prescribed by it, ascertain the
14 correct amount of either, and compute the tax.

15 S. The payment of the taxes herein levied shall be in full, and
16 in lieu of all taxes by the state, counties, cities, towns, school
17 districts and other municipalities upon any property rights attached
18 to or inherent in the right to the minerals, upon producing leases
19 for the mining of asphalt and ores bearing lead, zinc, jack or
20 copper, or for oil, or for gas, upon the mineral rights and
21 privileges for the minerals aforesaid belonging or appertaining to
22 land, upon the machinery, appliances and equipment used in and
23 around any well producing oil, or gas, or any mine producing asphalt
24 or any of the mineral ores aforesaid and actually used in the

1 operation of such well or mine. The payment of gross production tax
2 shall also be in lieu of all taxes upon the oil, gas, asphalt or
3 ores bearing minerals hereinbefore mentioned during the tax year in
4 which the same is produced, and upon any investment in any of the
5 leases, rights, privileges, minerals or other property described
6 herein. Any interest in the land, other than that herein
7 enumerated, and oil in storage, asphalt and ores bearing minerals
8 hereinbefore named, mined, produced and on hand at the date as of
9 which property is assessed for general and ad valorem taxation for
10 any subsequent tax year, shall be assessed and taxed as other
11 property within the taxing district in which such property is
12 situated at the time.

13 T. No equipment, material or property shall be exempt from the
14 payment of ad valorem tax by reason of the payment of the gross
15 production tax except such equipment, machinery, tools, material or
16 property as is actually necessary and being used and in use in the
17 production of asphalt or of ores bearing lead, zinc, jack or copper
18 or of oil or gas. Provided, the exemption shall include the
19 wellbore and non-recoverable down-hole material, including casing,
20 actually used in the disposal of waste materials produced with such
21 oil or gas. It is expressly declared that no ice plants, hospitals,
22 office buildings, garages, residences, gasoline extraction or
23 absorption plants, water systems, fuel systems, rooming houses and
24

1 other buildings, nor any equipment or material used in connection
2 therewith, shall be exempt from ad valorem tax.

3 U. The exemption from ad valorem tax set forth in subsections S
4 and T of this section shall continue to apply to all property from
5 which production of oil, gas or oil and gas is exempt from gross
6 production tax pursuant to subsection D, E, F, G, H, I or J of this
7 section.

8 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1004, as
9 last amended by Section 2, Chapter 355, O.S.L. 2017 (68 O.S. Supp.
10 2017, Section 1004), is amended to read as follows:

11 Section 1004. A. As used in this section:

12 1. "Moving five-year average amount for gas" means, for
13 purposes of the apportionments prescribed by this section, the
14 amount of gross production tax on natural gas collected for each of
15 the five (5) complete fiscal years, as computed by the State Board
16 of Equalization pursuant to Section 34.103 of Title 62 of the
17 Oklahoma Statutes; and

18 2. "Moving five-year average amount for oil" means, for
19 purposes of the apportionments prescribed by this section, the
20 amount of gross production tax on oil collected for each of the five
21 (5) complete fiscal years, as computed by the State Board of
22 Equalization pursuant to Section 34.103 of Title 62 of the Oklahoma
23 Statutes.

24

1 B. Beginning July 1, 2017, the gross production tax provided
2 for in Section 1001 of this title is hereby levied and shall be
3 collected and apportioned as follows:

4 1. For all monies collected from the tax levied on asphalt or
5 ores bearing uranium, lead, zinc, jack, gold, silver or copper:

6 a. eighty-five and seventy-two one-hundredths percent
7 (85.72%) shall be paid to the State Treasurer of the
8 state to be placed in the General Revenue Fund of the
9 state and used for the general expense of state
10 government, to be paid out pursuant to direct
11 appropriation by the Legislature,

12 b. seven and fourteen one-hundredths percent (7.14%) of
13 the sum collected from natural gas and/or casinghead
14 gas or asphalt or ores bearing uranium, lead, zinc,
15 jack, gold, silver or copper shall be paid to the
16 various county treasurers to be credited to the County
17 Highway Fund as follows: Each county shall receive a
18 proportionate share of the funds available based upon
19 the proportion of the total value of production from
20 such county in the corresponding month of the
21 preceding year, and

22 c. seven and fourteen one-hundredths percent (7.14%)
23 shall be allocated to each county as provided for in
24 subparagraph b of this paragraph and shall be

1 apportioned, on an average daily attendance per capita
2 distribution basis, as certified by the State
3 Superintendent of Public Instruction to the school
4 districts of the county where such pupils attend
5 school regardless of residence of such pupil, provided
6 the school district makes an ad valorem tax levy of
7 fifteen (15) mills for the current year and maintains
8 twelve (12) years of instruction;

9 2. For all monies collected from the tax levied on natural gas
10 and/or casinghead gas at a tax rate of seven percent (7%) pursuant
11 to the provisions of subsection B of Section 1001 of this title:

12 a. after the total revenue apportioned to the General
13 Revenue Fund as prescribed by subparagraph b of this
14 paragraph equals the moving five-year average amount
15 for gas as defined by paragraph 1 of subsection A of
16 this section, there shall be apportioned from the
17 gross production tax levy imposed pursuant to Section
18 1001 of this title on natural gas and/or casinghead
19 gas to the Revenue Stabilization Fund created by
20 Section 34.102 of Title 62 of the Oklahoma Statutes,
21 the amount of revenue, if any, which exceeds the
22 moving five-year average amount for gas as defined
23 pursuant to paragraph 1 of subsection A of this
24 section,

1 b. until the apportionment to the General Revenue Fund
2 equals the moving five-year average amount for gas as
3 prescribed by paragraph 1 of subsection A of this
4 section, ~~eighty-five and seventy-two one-hundredths~~
5 ~~percent (85.72%)~~ eighty-three and seventy-two one-
6 hundredths percent (83.72%) shall be paid to the State
7 Treasurer of the state to be placed in the General
8 Revenue Fund of the state and used for the general
9 expense of state government, to be paid out pursuant
10 to direct appropriation by the Legislature,

11 c. before any other apportionment of revenue has been
12 made pursuant to this paragraph, seven and fourteen
13 one-hundredths percent (7.14%) of the sum collected
14 from natural gas and/or casinghead gas shall be paid
15 to the various county treasurers to be credited to the
16 County Highway Fund as follows: Each county shall
17 receive a proportionate share of the funds available
18 based upon the proportion of the total value of
19 production from such county in the corresponding month
20 of the preceding year, ~~and~~

21 d. before any other apportionment of revenue has been
22 made pursuant to this paragraph, seven and fourteen
23 one-hundredths percent (7.14%) shall be allocated to
24 each county as provided for in subparagraph c of this

1 paragraph and shall be apportioned, on an average
2 daily attendance per capita distribution basis, as
3 certified by the State Superintendent of Public
4 Instruction to the school districts of the county
5 where such pupils attend school regardless of
6 residence of such pupil, provided the school district
7 makes an ad valorem tax levy of fifteen (15) mills for
8 the current year and maintains twelve (12) years of
9 instruction,

10 e. before any other apportionment of revenue has been
11 made pursuant to this paragraph, one percent (1%)
12 shall be paid to the State Treasurer to be placed in
13 the Education Reform Revolving Fund created pursuant
14 to Section 34.89 of Title 62 of the Oklahoma Statutes,
15 and

16 f. before any other apportionment of revenue has been
17 made pursuant to this paragraph, one percent (1%)
18 shall be paid to the State Treasurer to be placed in
19 the County Community Safety Investment Fund created
20 pursuant to Section 631 of Title 57 of the Oklahoma
21 Statutes;

22 3. For all monies collected from the tax levied on natural gas
23 and/or casinghead gas at a tax rate of four percent (4%) pursuant to
24 the provisions of subsections B and E of Section 1001 of this title:

- 1 a. after the total revenue apportioned to the General
2 Revenue Fund as prescribed by subparagraph b of this
3 paragraph equals the moving five-year average amount
4 for gas as defined by paragraph 1 of subsection A of
5 this section, there shall be apportioned from the
6 gross production tax levy imposed pursuant to Section
7 1001 of this title on natural gas and/or casinghead
8 gas to the Revenue Stabilization Fund created pursuant
9 to Section 34.102 of Title 62 of the Oklahoma
10 Statutes, the amount of revenue, if any, which exceeds
11 the moving five-year average amount for gas as defined
12 pursuant to paragraph 1 of subsection A of this
13 section,
- 14 b. until the apportionment to the General Revenue Fund
15 equals the moving five-year average amount for gas as
16 prescribed by paragraph 1 of subsection A of this
17 section, seventy-five percent (75%) shall be paid to
18 the State Treasurer of the state to be placed in the
19 General Revenue Fund of the state and used for the
20 general expense of state government, to be paid out
21 pursuant to direct appropriation by the Legislature,
- 22 c. before any other apportionment of revenue has been
23 made pursuant to this paragraph, twelve and one-half
24 percent (12.5%) of the sum collected from natural gas

1 and/or casinghead gas shall be paid to the various
2 county treasurers to be credited to the County Highway
3 Fund as follows: Each county shall receive a
4 proportionate share of the funds available based upon
5 the proportion of the total value of production from
6 such county in the corresponding month of the
7 preceding year, and

8 d. before any other apportionment of revenue has been
9 made pursuant to this paragraph, twelve and one-half
10 percent (12.5%) shall be allocated to each county as
11 provided for in subparagraph c of this paragraph and
12 shall be apportioned, on an average daily attendance
13 per capita distribution basis, as certified by the
14 State Superintendent of Public Instruction to the
15 school districts of the county where such pupils
16 attend school regardless of residence of such pupil,
17 provided the school district makes an ad valorem tax
18 levy of fifteen (15) mills for the current year and
19 maintains twelve (12) years of instruction;

20 4. For all monies collected from the tax levied on natural gas
21 and/or casinghead gas at a tax rate of one percent (1%) pursuant to
22 the provisions of subsection B of Section 1001 of this title:

23 a. fifty percent (50%) of the sum collected from natural
24 gas and/or casinghead gas shall be paid to the various

1 county treasurers to be credited to the County Highway
2 Fund as follows: Each county shall receive a
3 proportionate share of the funds available based upon
4 the proportion of the total value of production from
5 such county in the corresponding month of the
6 preceding year, and

7 b. fifty percent (50%) shall be allocated to each county
8 as provided for in subparagraph a of this paragraph
9 and shall be apportioned, on an average daily
10 attendance per capita distribution basis, as certified
11 by the State Superintendent of Public Instruction to
12 the school districts of the county where such pupils
13 attend school regardless of residence of such pupil,
14 provided the school district makes an ad valorem tax
15 levy of fifteen (15) mills for the current year and
16 maintains twelve (12) years of instruction;

17 5. For all monies collected from the tax levied on natural gas
18 and/or casinghead gas at a tax rate of two percent (2%) pursuant to
19 the provisions of subparagraph c of paragraph 3 of subsection B of
20 Section 1001 of this title:

21 a. after the total revenue apportioned to the General
22 Revenue Fund as prescribed by subparagraph b of this
23 paragraph equals the moving five-year average amount
24 for gas as defined by paragraph 1 of subsection A of

1 this section, there shall be apportioned from the
2 gross production tax levy imposed pursuant to Section
3 1001 of this title on gas to the Revenue Stabilization
4 Fund created by Section 34.102 of Title 62 of the
5 Oklahoma Statutes, the amount of revenue, if any,
6 which exceeds the moving five-year average amount for
7 natural gas and/or casinghead gas as defined pursuant
8 to paragraph 1 of subsection A of this section,

9 b. until the apportionment to the General Revenue Fund
10 equals the moving five-year average amount for gas as
11 prescribed by paragraph 1 of subsection A of this
12 section, fifty percent (50%) shall be paid to the
13 State Treasurer to be placed in the General Revenue
14 Fund of the state and used for the general expense of
15 state government, to be paid out pursuant to direct
16 appropriation by the Legislature,

17 c. before any other apportionment of revenue has been
18 made pursuant to this paragraph, twenty-five percent
19 (25%) of the sum collected from natural gas and/or
20 casinghead gas shall be paid to the various county
21 treasurers to be credited to the County Highway Fund
22 as follows: Each county shall receive a proportionate
23 share of the funds available based upon the proportion
24

1 of the total value of production from such county in
2 the corresponding month of the preceding year, and
3 d. before any other apportionment of revenue has been
4 made pursuant to this paragraph, twenty-five percent
5 (25%) shall be allocated to each county as provided
6 for in subparagraph c of this paragraph and shall be
7 apportioned on an average daily attendance per capita
8 distribution basis, as certified by the State
9 Superintendent of Public Instruction, to the school
10 districts of the county where such pupils attend
11 school regardless of residence of such pupil, provided
12 the school district makes an ad valorem tax levy of
13 fifteen (15) mills for the current year and maintains
14 twelve (12) years of instruction;

15 6. For all monies collected from the tax levied on oil at a tax
16 rate of seven percent (7%) pursuant to the provisions of subsection
17 B of Section 1001 of this title:

18 a. there shall be apportioned from the gross production
19 tax levy imposed pursuant to Section 1001 of this
20 title on oil to the Revenue Stabilization Fund created
21 by Section 34.102 of Title 62 of the Oklahoma
22 Statutes, after the applicable maximum amount
23 prescribed by subsection C of this section has been
24 deposited to the funds therein specified, the amount

1 of revenue, if any, which would otherwise be
2 apportioned to the General Revenue Fund and which
3 exceeds the moving five-year average amount for oil as
4 defined pursuant to paragraph 2 of subsection A of
5 this section,

6 b. before any other apportionment of revenue has been
7 made pursuant to this paragraph, ~~twenty-five and~~
8 ~~seventy-two one-hundredths percent (25.72%)~~ twenty-
9 five and twenty-one one-hundredths percent (25.21%)
10 shall be paid to the State Treasurer to be placed in
11 the Common Education Technology Revolving Fund created
12 in Section 34.90 of Title 62 of the Oklahoma Statutes,

13 c. before any other apportionment of revenue has been
14 made pursuant to this paragraph, ~~twenty-five and~~
15 ~~seventy-two one-hundredths percent (25.72%)~~ twenty-
16 five and twenty-one one-hundredths percent (25.21%)
17 shall be paid to the State Treasurer to be placed in
18 the Higher Education Capital Revolving Fund created in
19 Section 34.91 of Title 62 of the Oklahoma Statutes,

20 d. before any other apportionment of revenue has been
21 made pursuant to this paragraph, ~~twenty-five and~~
22 ~~seventy-two one-hundredths percent (25.72%)~~ twenty-
23 five and twenty-one one-hundredths percent (25.21%)
24 shall be paid to the State Treasurer to be placed in

1 the Oklahoma Student Aid Revolving Fund created in
2 Section 34.92 of Title 62 of the Oklahoma Statutes,
3 e. before any other apportionment of revenue has been
4 made pursuant to this paragraph, ~~three and seven~~
5 ~~hundred forty-five one-thousandths percent (3.745%)~~
6 three and sixty-seven one-hundredths percent (3.67%)
7 shall be distributed to the various counties of the
8 state for deposit into the County Bridge and Road
9 Improvement Fund of each county based on a formula
10 developed by the Department of Transportation and
11 approved by the Department of Transportation County
12 Advisory Board created pursuant to Section 302.1 of
13 Title 69 of the Oklahoma Statutes to be used for the
14 purposes set forth in the County Bridge and Road
15 Improvement Act. The formula shall be similar to the
16 formula currently used for the distribution of monies
17 in the County Bridge Program funds, but shall also
18 take into consideration the effect of the terrain and
19 traffic volume as related to county road improvement
20 and maintenance costs,

21 f. before any other apportionment of revenue has been
22 made pursuant to this paragraph, ~~four and twenty-eight~~
23 ~~one-hundredths percent (4.28%)~~ four and nineteen one-
24

1 hundredths percent (4.19%) shall be paid to the State
2 Treasurer to be apportioned to:

3 (1) the following sources and in the following
4 amounts through the fiscal year ending June 30,
5 2019:

6 (a) thirty-three and one-third percent (33 1/3%)
7 to the Oklahoma Tourism and Recreation
8 Department Capital Expenditure Revolving
9 Fund created pursuant to Section 2254.1 of
10 Title 74 of the Oklahoma Statutes,

11 (b) thirty-three and one-third percent (33 1/3%)
12 to the Oklahoma Conservation Commission
13 Infrastructure Revolving Fund created
14 pursuant to Section 3-2-110 of Title 27A of
15 the Oklahoma Statutes, and

16 (c) thirty-three and one-third percent (33 1/3%)
17 to the Community Water Infrastructure
18 Development Revolving Fund created pursuant
19 to Section 1085.7A of Title 82 of the
20 Oklahoma Statutes, and

21 (2) the Oklahoma Water Resources Board Rural Economic
22 Action Plan Water Projects Fund for the fiscal
23 year beginning July 1, 2019, and for each fiscal
24 year thereafter,

1 g. before any other apportionment of revenue has been
2 made pursuant to this paragraph, ~~seven and fourteen~~
3 ~~one hundredths percent (7.14%)~~ seven percent (7%) of
4 the sum collected from oil shall be paid to the
5 various county treasurers, to be credited to the
6 County Highway Fund as follows: Each county shall
7 receive a proportionate share of the funds available
8 based upon the proportion of the total value of
9 production from such county in the corresponding month
10 of the preceding year,

11 h. before any other apportionment of revenue has been
12 made pursuant to this paragraph, ~~seven and fourteen~~
13 ~~one hundredths percent (7.14%)~~ seven percent (7%)
14 shall be allocated to each county as provided in
15 subparagraph g of this paragraph and shall be
16 apportioned, on an average daily attendance per capita
17 distribution basis, as certified by the State
18 Superintendent of Public Instruction, to the school
19 districts of the county where such pupils attend
20 school regardless of residence of such pupil, provided
21 the school district makes an ad valorem tax levy of
22 fifteen (15) mills for the current year and maintains
23 twelve (12) years of instruction, and
24

1 i. before any other apportionment of revenue has been
2 made pursuant to this paragraph, ~~five hundred thirty-~~
3 ~~five one thousandths percent (0.535%)~~ fifty-one one-
4 hundredths percent (0.51%) of the levy shall be
5 transmitted by the Oklahoma Tax Commission to the
6 Statewide Circuit Engineering District Revolving Fund
7 as created in Section 687.2 of Title 69 of the
8 Oklahoma Statutes,

9 j. before any other apportionment of revenue has been
10 made pursuant to this paragraph, one percent (1%)
11 shall be paid to the State Treasurer to be placed in
12 the Education Reform Revolving Fund created pursuant
13 to Section 34.89 of Title 62 of the Oklahoma Statutes,
14 and

15 k. before any other apportionment of revenue has been
16 made pursuant to this paragraph, one percent (1%)
17 shall be paid to the State Treasurer to be placed in
18 the County Community Safety Investment Fund created
19 pursuant to Section 631 of Title 57 of the Oklahoma
20 Statutes;

21 7. For all monies collected from the tax levied on oil at a tax
22 rate of four percent (4%) pursuant to the provisions of subsections
23 B and E of Section 1001 of this:

1 a. there shall be apportioned from the gross production
2 tax levy imposed pursuant to Section 1001 of this
3 title on oil to the Revenue Stabilization Fund created
4 by Section 34.102 of Title 62 of the Oklahoma
5 Statutes, after the applicable maximum amount
6 prescribed by subsection C of this section has been
7 deposited to the funds therein specified, the amount
8 of revenue, if any, which would otherwise be
9 apportioned to the General Revenue Fund and which
10 exceeds the moving five-year average amount for oil as
11 defined pursuant to paragraph 2 of subsection A of
12 this section,

13 b. before any other apportionment of revenue has been
14 made pursuant to this paragraph, twenty-two and one-
15 half percent (22.5%) shall be paid to the State
16 Treasurer to be placed in the Common Education
17 Technology Revolving Fund created in Section 34.90 of
18 Title 62 of the Oklahoma Statutes,

19 c. before any other apportionment of revenue has been
20 made pursuant to this paragraph, twenty-two and one-
21 half percent (22.5%) shall be paid to the State
22 Treasurer to be placed in the Higher Education Capital
23 Revolving Fund created in Section 34.91 of Title 62 of
24 the Oklahoma Statutes,

1 d. before any other apportionment of revenue has been
2 made pursuant to this paragraph, twenty-two and one-
3 half percent (22.5%) shall be paid to the State
4 Treasurer to be placed in the Oklahoma Student Aid
5 Revolving Fund created in Section 34.92 of Title 62 of
6 the Oklahoma Statutes,

7 e. before any other apportionment of revenue has been
8 made pursuant to this paragraph, three and twenty-
9 eight one-hundredths percent (3.28%) shall be
10 distributed to the various counties of the state for
11 deposit into the County Bridge and Road Improvement
12 Fund of each county based on a formula developed by
13 the Department of Transportation and approved by the
14 Department of Transportation County Advisory Board
15 created pursuant to Section 302.1 of Title 69 of the
16 Oklahoma Statutes to be used for the purposes set
17 forth in the County Bridge and Road Improvement Act.
18 The formula shall be similar to the formula currently
19 used for the distribution of monies in the County
20 Bridge Program funds, but shall also take into
21 consideration the effect of the terrain and traffic
22 volume as related to county road improvement and
23 maintenance costs,

1 f. before any other apportionment of revenue has been
2 made pursuant to this paragraph, three and seventy-
3 five one-hundredths percent (3.75%) shall be paid to
4 the State Treasurer to be apportioned to:

5 (1) the following sources and in the following
6 amounts through the fiscal year ending June 30,
7 2019:

8 (a) thirty-three and one-third percent (33 1/3%)
9 to the Oklahoma Tourism and Recreation
10 Department Capital Expenditure Revolving
11 Fund created pursuant to Section 2254.1 of
12 Title 74 of the Oklahoma Statutes,

13 (b) thirty-three and one-third percent (33 1/3%)
14 to the Oklahoma Conservation Commission
15 Infrastructure Revolving Fund created
16 pursuant to Section 3-2-110 of Title 27A of
17 the Oklahoma Statutes, and

18 (c) thirty-three and one-third percent (33 1/3%)
19 to the Community Water Infrastructure
20 Development Revolving Fund created pursuant
21 to Section 1085.7A of Title 82 of the
22 Oklahoma Statutes, and

23 (2) the Oklahoma Water Resources Board Rural Economic
24 Action Plan Water Projects Fund for the fiscal

1 year beginning July 1, 2019, and for each fiscal
2 year thereafter,

3 g. before any other apportionment of revenue has been
4 made pursuant to this paragraph, twelve and one-half
5 percent (12.5%) of the sum collected from oil shall be
6 paid to the various county treasurers, to be credited
7 to the County Highway Fund as follows: Each county
8 shall receive a proportionate share of the funds
9 available based upon the proportion of the total value
10 of production from such county in the corresponding
11 month of the preceding year,

12 h. before any other apportionment of revenue has been
13 made pursuant to this paragraph, twelve and one-half
14 percent (12.5%) shall be allocated to each county as
15 provided in subparagraph g of this paragraph and shall
16 be apportioned on an average daily attendance per
17 capita distribution basis, as certified by the State
18 Superintendent of Public Instruction, to the school
19 districts of the county where such pupils attend
20 school regardless of residence of such pupil, provided
21 the school district makes an ad valorem tax levy of
22 fifteen (15) mills for the current year and maintains
23 twelve (12) years of instruction, and

1 i. before any other apportionment of revenue has been
2 made pursuant to this paragraph, forty-seven one-
3 hundredths percent (0.47%) of the levy shall be
4 transmitted by the Tax Commission to the Statewide
5 Circuit Engineering District Revolving Fund as created
6 in Section 687.2 of Title 69 of the Oklahoma Statutes;

7 8. For all monies collected from the tax levied on oil at a tax
8 rate of one percent (1%) pursuant to the provisions of subsection B
9 of Section 1001 of this title:

10 a. fifty percent (50%) of the sum collected shall be paid
11 to the various county treasurers, to be credited to
12 the County Highway Fund as follows: Each county shall
13 receive a proportionate share of the funds available
14 based upon the proportion of the total value of
15 production from such county in the corresponding month
16 of the preceding year, and

17 b. fifty percent (50%) shall be allocated to each county
18 as provided for in subparagraph a of this paragraph
19 and shall be apportioned on an average daily
20 attendance per capita distribution basis, as certified
21 by the State Superintendent of Public Instruction, to
22 the school districts of the county where such pupils
23 attend school regardless of residence of such pupil,
24 provided the school district makes an ad valorem tax

1 levy of fifteen (15) mills for the current year and
2 maintains twelve (12) years of instruction;

3 9. For all monies collected from the tax levied on oil at a tax
4 rate of two percent (2%) pursuant to the provisions of subparagraph
5 c of paragraph 3 of subsection B of Section 1001 of this title:

6 a. there shall be apportioned from the gross production
7 tax levy imposed pursuant to Section 1001 of this
8 title on oil to the Revenue Stabilization Fund created
9 by Section 34.102 of Title 62 of the Oklahoma
10 Statutes, the amount of revenue, if any, which exceeds
11 the moving five-year average amount for oil as defined
12 pursuant to paragraph 2 of subsection A of this
13 section,

14 b. until the apportionment to the General Revenue Fund
15 equals the moving five-year average amount for oil as
16 prescribed by paragraph 2 of subsection A of this
17 section, fifty percent (50%) shall be paid to the
18 State Treasurer to be placed in the General Revenue
19 Fund of the state and used for the general expense of
20 state government, to be paid out pursuant to direct
21 appropriation by the Legislature,

22 c. before any other apportionment of revenue has been
23 made pursuant to this paragraph, twenty-five percent
24 (25%) of the sum collected from oil shall be paid to

1 the various county treasurers, to be credited to the
2 County Highway Fund as follows: Each county shall
3 receive a proportionate share of the funds available
4 based upon the proportion of the total value of
5 production from such county in the corresponding month
6 of the preceding year, and

7 d. before any other apportionment of revenue has been
8 made pursuant to this paragraph, twenty-five percent
9 (25%) shall be allocated to each county as provided in
10 subparagraph c of this paragraph and shall be
11 apportioned on an average daily attendance per capita
12 distribution basis, as certified by the State
13 Superintendent of Public Instruction, to the school
14 districts of the county where such pupils attend
15 school regardless of residence of such pupil, provided
16 the school district makes an ad valorem tax levy of
17 fifteen (15) mills for the current year and maintains
18 twelve (12) years of instruction.

19 C. Provided, notwithstanding any other provision of this
20 section, the total amounts deposited to the Common Education
21 Technology Revolving Fund, the Higher Education Capital Revolving
22 Fund, the Oklahoma Student Aid Revolving Fund, the Rural Economic
23 Action Plan Water Projects Fund, the Oklahoma Tourism and Recreation
24 Department Capital Expenditure Revolving Fund, the Oklahoma

1 Conservation Commission Infrastructure Revolving Fund and the
2 Community Water Infrastructure Development Revolving Fund pursuant
3 to paragraphs 6 and 7 of subsection B of this section shall not
4 exceed One Hundred Fifty Million Dollars (\$150,000,000.00) in any
5 fiscal year. Except as otherwise provided in this subsection, all
6 sums in excess of One Hundred Fifty Million Dollars
7 (\$150,000,000.00) in any fiscal year which would otherwise be
8 deposited in such funds shall be apportioned by the Oklahoma Tax
9 Commission to the General Revenue Fund of the state.

10 SECTION 3. AMENDATORY Section 2, State Question No. 781,
11 Initiative Petition No. 405 (57 O.S. Supp. 2017, Section 631), is
12 amended to read as follows:

13 Section 631. A. There is hereby created in the State Treasury
14 a revolving fund to be designated the "County Community Safety
15 Investment Fund". The fund shall be a continuing fund, not subject
16 to fiscal year limitations, and shall consist of all monies received
17 pursuant to Section 633 of Title 57 of the Oklahoma Statutes and any
18 other funds designated by law for deposit thereto.

19 B. All monies appropriated and accruing to the credit of the
20 fund shall be budgeted and expended by the Office of Management and
21 Enterprise Services for the sole purpose of providing funds to
22 counties to provide community rehabilitative programming, including
23 but not limited to mental health and substance abuse services.

24

1 Funds shall be disbursed in proportion to county population, as
2 reported in the most recent census.

3 C. Expenditures from the fund shall be made upon warrants
4 issued by the State Treasurer against claims filed as prescribed by
5 law with the Director of the Office of Management and Enterprise
6 Services for approval and payment.

7 D. The Director of the Office of Management and Enterprise
8 Services shall promulgate rules necessary to implement the
9 provisions of this act.

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

14

15 56-1EX-50022 JM 09/22/17

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