

1 STATE OF OKLAHOMA

2 2nd Session of the 56th Legislature (2018)

3 HOUSE BILL 2892

By: Taylor

4
5
6 AS INTRODUCED

7 An Act relating to Corporation Commission;
8 authorizing fee assessment on crude oil, natural gas
9 and casinghead gas; stating purpose; establishing fee
10 ratio; establishing initial fee amounts; requiring
11 annual adjustment of fees; providing process for
12 remittance of fees; providing for the promulgation of
13 rules by the Tax Commission; directing the deposit of
14 collections; creating the Oil and Gas Regulatory
15 Revolving Fund; establishing nature of the fund;
16 authorizing certain investments of fund deposits;
17 exempting funds from legislative appropriation
18 authority; declaring funds appropriated; authorizing
19 expenditure of funds for certain purposes; providing
20 process for expenditure; requiring the establishment
21 of certain budgetary limits by the Legislature;
22 limiting fee assessments; providing for the
23 promulgation of rules by the Corporation Commission;
24 requiring certain procedures and considerations
related to the fee-setting process; providing for
codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 58 of Title 17, unless there is
created a duplication in numbering, reads as follows:

A. The Corporation Commission is hereby authorized to assess
fees upon each barrel of crude oil and each one thousand cubic feet

1 (mcf) of natural gas, including casinghead gas, produced in the
2 State of Oklahoma to provide adequate funding to the Oil and Gas
3 Conservation Division of the Corporation Commission for the
4 regulation of the oil and gas industry in the State of Oklahoma.
5 The fees shall be based upon a six to one ratio (6:1) of the fee on
6 crude oil to the fee on natural gas.

7 B. The initial fees assessed shall be two cents and four-tenths
8 of one cent (\$0.024) on each barrel on crude oil and four-tenths of
9 one cent (\$0.004) on each one thousand cubic feet (mcf) of natural
10 gas, including casinghead gas, produced from each well in the State
11 of Oklahoma. The amount of fees assessed shall be adjusted by the
12 Corporation Commission annually to meet the budgetary needs of the
13 Oil and Gas Conservation Division of the Corporation Commission
14 subject to the provisions of this section.

15 C. The fees assessed by subsections A and B of this section
16 shall be deducted from the proceeds of production by the person
17 remitting gross production tax to the Oklahoma Tax Commission
18 pursuant to Section 1001 et seq. of Title 68 of the Oklahoma
19 Statutes. The fees shall be remitted to the Tax Commission in the
20 same manner as is provided by law for the payment of gross
21 production tax. The Tax Commission shall promulgate rules to
22 establish procedures and forms necessary for the remittance of the
23 fees assessed by this section.

24

1 D. All fees assessed and collected pursuant to this section
2 shall be deposited by the Oklahoma Tax Commission in the Oil and Gas
3 Regulation Revolving Fund created in subsection E of this act.

4 E. There is hereby created in the State Treasury a revolving
5 fund for the Corporation Commission, to be designated the "Oil and
6 Gas Regulatory Revolving Fund". The fund shall be a continuing fund
7 not subject to fiscal year limitations and shall consist of all
8 monies received by the Tax Commission from the fees assessed
9 pursuant to the provisions of this section and any other monies
10 designated for deposit to the fund by law. Monies in the fund shall
11 be invested by the State Treasurer as authorized by law for the
12 investment of state funds, and the interest or return on investment
13 earned by the investment of such monies shall be credited to the
14 fund. All monies accruing to the credit of the fund shall not be
15 subject to legislative appropriation and are hereby appropriated and
16 may be budgeted and expended by the Corporation Commission to pay
17 the costs, both direct and indirect, of the Oil and Gas Conservation
18 Division. Indirect costs being paid from this fund shall be
19 reasonably related to the actual costs of the indirect services
20 being provided to the Division. Expenditures from said fund shall
21 be made upon warrants issued by the State Treasurer against claims
22 filed as prescribed by law with the Director of the Office of
23 Management and Enterprise Services for approval and payment.

24

1 F. The Legislature shall establish budgetary limits for the Oil
2 and Gas Conservation Division of the Corporation Commission. The
3 total of the fees assessed pursuant to this section shall not exceed
4 the amount of the budgetary limits, for both direct and indirect
5 costs, established by the Legislature for each fiscal year.
6 Established budgetary limits shall stay in effect until superseded
7 by further action of the Legislature.

8 G. The Corporation Commission shall promulgate rules to
9 establish procedures to adjust the amount of the annual fees
10 authorized to be assessed in this section. The procedures shall
11 provide for soliciting comment and participation in the process by
12 the oil and gas industry and the public and for public hearings on
13 the proposed fees to be assessed. The Corporation Commission shall
14 consider any anticipated carryover balance in the Oil and Gas
15 Regulation Revolving Fund from the then current fiscal year in
16 setting the fees to be assessed for the subsequent fiscal year.

17 H. The fees assessed in this section, as adjusted by the
18 Corporation Commission, shall remain in effect until adjusted by
19 further action of the Corporation Commission.

20 SECTION 2. This act shall become effective November 1, 2018.

21

22 56-2-8436 JM 01/04/18

23

24