

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 12, 2014

BILL NUMBER: HB 2954 **STATUS AND DATE OF BILL:** Engrossed March 6, 2014

AUTHORS: House Cockroft Senate Loveless

TAX TYPE (S): Gross Production **SUBJECT:** Apportionment

PROPOSAL: Amendatory

HB 2954 proposes to change the apportionment of Gross Production revenue from natural gas collections, reducing the amount being apportioned to the General Revenue (GR) fund. For gross production taxed at the 7% rate, the GR apportionment percentage would decrease from 85.72% to 80.72% for FY 2015 through FY 2019. Beginning July 1, 2019, the apportionment percentage would revert back to 85.72%. For gross production taxed at the 4% rate, the GR apportionment percentage would decrease from 75% to 70% for FY 2015 through FY 2019. Beginning July 1, 2019, the apportionment percentage would revert back to 75%. A new fund, the County Fleet Compressed Natural Gas Conversion Cost Revenue Fund, would receive 5% of the total apportionment from both the 7% and 4 % tax rates for FY 2015 through FY 2019.

EFFECTIVE DATE: July 1, 2014 - Emergency

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 15: Estimated \$15,099,000 decrease to the General Revenue Fund, with a similar increase to the County Fleet Compressed Natural Gas Conversion Cost Revenue Fund (see attached spreadsheet).

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 15: None

Mar. 13, 2014
DATE

Rick Miller
DIVISION DIRECTOR

mjh:mel

3-13-14
DATE

Reece WOMACK
REECE WOMACK, ECONOMIST

March 13, 2014
DATE

Dan Cash
FOR THE COMMISSION

HB 2954 (Gas)

Estimated Gross GP Tax @ 1%	\$15,516,267
Estimated Gross GP Tax @ 4%	\$9,548,472
Estimated Gross GP Tax @ 7%	\$292,421,955
Estimated Rebates	\$131,207,000
Estimated Net Revenue	\$186,279,694

<u>Current Law</u>			
<u>FY 14 Apportionment</u>	<u>Total</u>	<u>Proposed FY 15 Apportionment*</u>	
General Revenue Fund	\$126,618,454	General Revenue Fund	<u>Total</u> <u>Impact</u>
School Districts	\$29,830,620	School Districts	\$111,519,932 (\$15,098,522)
Counties for Highways	\$29,830,620	Counties for Highways	\$29,830,620 no change
		County Fleet Compressed Natural Gas Conversion Cost Rev. Fund	\$29,830,620 no change
			\$15,098,521 \$15,098,521
TOTAL GAS APPORTIONMENT	\$186,279,694	TOTAL GAS APPORTIONMENT	\$186,279,693

Estimated revenue numbers based on the Oklahoma Tax Commission Revenue Forecasts for FY 2015, December 12, 2013.

*HB 2954 proposes to change the apportionment of Gross Production revenue from natural gas collections, reducing the amount being apportioned to the General Revenue (GR) fund. For gross production taxed at the 7% rate, the GR apportionment percentage would decrease from 85.72% to 80.72% for FY 2015 through FY 2019. Beginning July 1, 2019, the apportionment percentage would revert back to 85.72%. For gross production taxed at the 4% rate, the GR apportionment percentage would decrease from 75% to 70% for FY 2015 through FY 2019. Beginning July 1, 2019, the apportionment percentage would revert back to 75%. A new fund, the County Fleet Compressed Natural Gas Conversion Cost Revenue Fund, would receive 5% of the total apportionment from both the 7% and 4 % tax rates for FY 2015 through FY 2019.