OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: May 25, 2016

BILL NUMBER: SB 1577 **STATUS AND DATE OF BILL:** Enrolled 05/25/2016

AUTHORS: House Hickman & McBride Senate Bingman & Mazzei

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

PROPOSAL: Amendatory

SB 1577 proposes to amend 68 O.S. §1001.3a by providing that beginning on or after January 1, 2015, "economically at-risk oil or gas lease" means any oil or gas lease with one or more producing wells with an average production volume per well of ten (10) barrels of oil or sixty (60) MCF of natural gas per day or less operated at a net loss or a net profit, after a deduction of certain costs, which is less than the total gross production tax remitted for such lease during the previous calendar year. The total amount of claims to be paid for such leases shall not exceed Twelve Million Five Hundred Thousand Dollars ($12,500,000).

EFFECTIVE DATE: Emergency – July 1, 2016

REVENUE IMPACT:

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

FY 17: An estimated increase of $120,400,000 to various funds.
[See attached for detailed analysis.]

ADMINISTRATIVE IMPACT:

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

FY 17: None

May 25, 2016 — Rick Miller
DATE — DIVISION DIRECTOR

mjh;mel

5-25-16 — Reece Womack
DATE — REECE WOMACK, ECONOMIST

5/26/16 — [signature]
DATE — FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT SB 1577-[Enrolled] Prepared 05/25/2016

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Estimated Revenue Impact for FY 17:

$51,772,000 increase to the General Revenue Fund.[1]
$20,591,831 increase to the Common Education Technology Revolving Fund.
$20,591,831 increase to the Higher Education Capital Revolving Fund.
$20,591,831 increase to the Oklahoma Student Aide Revolving Fund.
$ 2,998,357 increase to County Bridge and Road Improvement Fund.
$ 1,142,199 increase to Oklahoma Tourism & Recreation Dept. Capital Exp. Rev. Fund.
$ 1,142,199 increase to Oklahoma Conservation Commission Infrastructure Rev. Fund.
$ 1,142,199 increase to Community Water Infrastructure Development Rev. Fund.
$ 427,553 increase to Statewide Circuit Engineering District Revolving Fund.

Estimated Net Revenue Impact for FY 17: $120,400,000.

[1] This number represents the amount from economically at-risk claims for natural gas leases that will impact General Revenue. Based on the revenue forecast for FY 17, it is not anticipated that the $150 Million apportionment cap for oil will be met. Therefore, no revenues associated with economically at-risk claims for oil leases will impact General Revenue.