



BILL/VERSION:	SB 298 / INTRODUCED	ANALYST: EC
AUTHORS:	Sen. Prieto	DATE: 1/22/2025
TAX(ES):	Gross Production Tax	
SUBJECT(S):	Incentive	
EFFECTIVE DATE:	November 1, 2025	Emergency ☐

ESTIMATED REVENUE IMPACT:

FY26: None.

FY27:

Oil: estimated **\$10.3 million decrease** in GRF revenue (-4%).

Natural Gas: estimated **\$4 million decrease** in GRF revenue (-1%).

Impact on Apportionment: (see table attached)

FY26: None.

FY27: Total oil apportionment, across all funds, decreases by an estimated \$13 million (-2%), and natural gas apportionment across all funds decreases by an estimated \$5 million (-1%).

ANALYSIS: The proposed measure introduces a 50% exemption on the gross production tax for oil and gas sold to microgrids. This exemption would be applied as a refund at the end of the fiscal year. See attached for more information.

ADMINISTRATIVE CONCERNS: The proposal does not specify whether the oil and gas sold to microgrids must be produced in Oklahoma in order to claim the exemption, nor does the proposal specify if the microgrid itself must be located within the state in order to qualify.

1/28/25

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

2/19/25

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

2/19/25

DATE

Joseph P. Gappa

JOSEPH P. GAPPA, FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.



ADDITIONAL INFORMATION:

To estimate the exemption's impact, the Department of Energy database on operational microgrids across the United States was utilized, which includes each microgrid's generation and energy source capacity. For this analysis, the database was used to estimate the volumes of natural gas and oil attributable to microgrid sales. The supply capacity (in kilowatts) for microgrids using natural gas and diesel was converted into volumetric units – measured in thousand cubic feet (mcf) for natural gas and barrels (Bbls) for oil. The impact estimates assume producers take full advantage of the 50% exemption based on U.S. microgrid capacity. Refunds would be issued after the conclusion of the first fiscal year and subsequent years. The projections for FY27 were based upon gross production tax revenue estimates. The revenue impact estimates FY26 production eligible for the new incentive, and for those incentives to be paid from FY27 revenue. The impact further considers the Nov. 1 effective date, and therefore 8 months of revenue impact.

Pursuant to these assumptions, the FY27 General Revenue Fund (GRF) would see a reduction by about \$10.3 million (-4%) attributable to oil, and \$4 million (or -1%) attributable to natural gas. Overall apportionment (as shown in the table below) in FY27 would decline by about \$13 million (-2%) attributable to oil, and by about \$5 million (-1%) attributable to natural gas.

FY-2027 APPORTIONMENT IMPACT BY FUND					
		GPT Revenue Estimate (Feb-25)	Fund Reduction (Exemption)	Net-Reduction	Change
OIL	All Uncapped Funds	115,864,000	(2,690,000)	113,174,000	-2%
	Common Ed Tech Fund	47,154,276	-	47,154,276	0%
	Higher Ed Capital Fund	47,154,276	-	47,154,276	0%
	OK Student Aid Fund	47,154,276	-	47,154,276	0%
	Treasurer Funds	8,537,171	-	8,537,171	0%
	General Revenue Fund (GRF)	291,432,000	(10,293,000)	281,139,000	-4%
	Total	\$ 557,296,000	\$ (12,983,000)	\$ 544,313,000	-2%
NATURAL GAS	County Highway Fund	41,722,000	(395,000)	41,327,000	-1%
	County School Districts	41,722,000	(395,000)	41,327,000	-1%
	General Revenue Fund (GRF)	423,426,000	(4,036,000)	419,390,000	-1%
	Total	\$ 506,870,000	\$ (4,826,000)	\$ 502,044,000	-1%
GRAND TOTAL - OIL & NATURAL GAS		\$ 1,064,166,000	\$ (17,809,000)	\$ 1,046,357,000	-2%