

SENATE CHAMBER

STATE OF OKLAHOMA

DISPOSITION BY SENATE

FLOOR AMENDMENT

No. _____

(Date)

Mr./Madame President:

I move to amend Senate Bill No. 767, by striking the title, enacting clause and entire body of the bill and substituting the attached floor substitute.

Submitted by:

Senator Marlatt

Marlatt-MJM-FS-Req#1613
3/12/2013 4:59 PM

1 STATE OF OKLAHOMA

2 1st Session of the 54th Legislature (2013)

3 FLOOR SUBSTITUTE
4 FOR

5 SENATE BILL NO. 767

By: Marlatt of the Senate

and

6 Jackson of the House

7
8
9 FLOOR SUBSTITUTE

10 An Act relating to marginal oil and gas wells;
11 transferring duties, assets and obligations of the
12 Commission on Marginally Producing Oil and Gas Wells
13 to the Committee for Sustaining Oklahoma's Energy
14 Resources on certain date; terminating employees and
15 appointments of Commission members by certain date;
16 stating procedures; transferring authority for
17 certain functions; transferring monies in certain
18 revolving funds; authorizing rulemaking; providing
19 for assistance by the Secretary of Energy; amending
20 52 O.S. 2011, Sections 288.5A and 288.5B, as amended
21 by Section 214, Chapter 304, O.S.L. 2012 (52 O.S.
22 Supp. 2012, Section 288.5B), which relate to the
23 Sustaining Oklahoma's Energy Resources Committee and
24 Revolving Fund; creation of advisory committee for
certain purposes; modifying duties of committee;
modifying purposes of fund; amending 52 O.S. 703,
which relates to levying fees for the Commission on
Marginally Producing Oil and Gas Wells; transferring
fees to certain Committee; modifying statutory
references; amending 52 O.S. 2011, Section 704, which
relates to fee refund procedures; transferring duty
to refund fees to certain Committee; repealing 52
O.S. 2011, Sections 700, 701, 702, 705, as amended by
Section 220, Chapter 304, O.S.L. 2012, 706 and 707
(52 O.S. Supp. 2012, Section 705), which relate to
the Commission on Marginally Producing Oil and Gas
Wells; providing for codification; providing for

1 recodification; providing an effective date; and
2 declaring an emergency.

3
4 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

5 SECTION 1. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 288.5C of Title 52, unless there
7 is created a duplication in numbering, reads as follows:

8 A. Effective July 1, 2013, all duties, assets and obligations
9 of the Commission on Marginally Producing Oil and Gas Wells, created
10 pursuant to the Section 700 et seq. of Title 52 of the Oklahoma
11 Statutes, shall be transferred to the authority of the Committee for
12 Sustaining Oklahoma's Energy Resources, Section 288.5A of Title 52
13 of the Oklahoma Statutes.

14 B. Effective July 1, 2013, appointments of members to the
15 Commission on Marginally Producing Oil and Gas Wells, pursuant to
16 the provisions of Section 700 of Title 52 of the Oklahoma Statutes
17 shall be terminated.

18 C. Effective July 1, 2013, all unclassified full-time-
19 equivalent, part-time, and temporary employees of the Commission on
20 Marginally Producing Oil and Gas Wells shall be terminated.
21 Employees shall be paid for any accrued annual leave and may be
22 eligible for other benefits as provided by law.

23 D. Activities and functions previously performed by the
24 Commission shall be under the responsibility of the Committee for

1 Sustaining Oklahoma's Energy Resources, or a successor committee as
2 designated by the Oklahoma Energy Resources Board. The Committee
3 may organize itself, create subcommittees or adopt procedures as
4 they deem necessary and appropriate to implement the provisions of
5 this act and carry out the functions and duties of the former
6 Commission on Marginally Producing Oil and Gas Wells with the
7 exception of making annual reports as required by paragraph 7 of
8 subsection A of Section 701 of Title 52 of the Oklahoma Statutes.

9 E. Monies remaining in the Commission on Marginally Producing
10 Oil and Gas Wells Revolving Fund, Section 705 of Title 52 of the
11 Oklahoma Statutes shall be transferred to credit of the Sustaining
12 Oklahoma's Energy Resources Revolving Fund, Section 288.5B of Title
13 52 of the Oklahoma Statutes for use as provided by this act.

14 F. The Committee for Sustaining Oklahoma's Energy Resources is
15 authorized to promulgate any rules necessary to implement the
16 provisions of this act. The Secretary of Energy may provide
17 assistance as necessary to oversee the transfer of duties, assets
18 and obligations pursuant to this act.

19 SECTION 2. AMENDATORY 52 O.S. 2011, Section 288.5A, is
20 amended to read as follows:

21 Section 288.5A. A. ~~In addition to the powers, duties and~~
22 ~~responsibilities assigned to the Oklahoma Energy Resources Board in~~
23 ~~Section 288.5 of Title 52 of the Oklahoma Statutes, the Board is~~
24 ~~authorized to administer the distribution of funds for research and~~

1 ~~development of new technologies in the oil and gas industry as~~
2 ~~provided in this act.~~

3 ~~B.~~ The Oklahoma Energy Resources Board shall create ~~an advisory~~
4 ~~committee~~ the Committee for Sustaining Oklahoma's Energy Resources
5 for the purpose of ~~receiving and recommending to the Board proposals~~
6 ~~for projects designed to encourage~~ encouraging new processes or
7 technological advancements to sustain the oil and natural gas
8 industry in the future for the benefit of the citizens of this state
9 and for advancing activities to support marginally producing oil and
10 gas wells.

11 ~~C.~~ B. The ~~Advisory~~ Committee for Sustaining Oklahoma's Energy
12 Resources may be made up of any number of members the Board deems
13 necessary and appropriate, and the Board shall select one member of
14 the Energy Resources Board to serve as the chair of the ~~advisory~~
15 ~~committee~~ Committee. Members of the ~~advisory committee~~ Committee
16 shall be appointed by the chair of the ~~advisory committee~~ Committee
17 and approved by a majority of the Board and shall include the
18 Secretary of Energy, or a designee, one or more members representing
19 marginal well producers, and one member, selected by the Secretary
20 of Energy, currently serving on the Oklahoma Energy Initiative Board
21 on behalf of the University of Oklahoma, Oklahoma State University,
22 University of Tulsa, or Oklahoma City University. ~~Advisory~~
23 ~~committee~~ With the exception of the Secretary of Energy, or his or
24 her designee, and the Oklahoma Energy Initiative Board member

1 selected by the Secretary of Energy, Committee members shall serve
2 at the pleasure of the Board. The Board may establish terms of
3 office and any qualifications, requirements or conditions it deems
4 appropriate for members of the ~~advisory committee~~ Committee. The
5 Board shall strive to select representatives of all facets of the
6 oil and natural gas industry, and the University of Oklahoma,
7 Oklahoma State University ~~and~~, the University of Tulsa, and Oklahoma
8 City University, in addition to any other interested higher
9 education institutions and governmental entities charged with duties
10 and authority over relevant areas. No member of the ~~advisory~~
11 ~~committee~~ Committee shall receive a salary for duties performed as a
12 member of the ~~advisory committee~~ Committee; however, members may be
13 eligible to receive reimbursement for necessary and actual travel
14 expenses as provided for in the State Travel Reimbursement Act if
15 approved by the Board. Members appointed to serve on the ~~advisory~~
16 ~~committee~~ Committee shall be eligible to serve on any other state
17 board or commission if such member is otherwise qualified to hold
18 such appointed office, notwithstanding the provisions of Section 6
19 of Title 51 of the Oklahoma Statutes.

20 ~~D. C.~~ The ~~Board~~ Committee is authorized to accept
21 appropriations, donations, grants, contributions and gifts from any
22 public or private source for the purpose of implementing the
23 provisions of this act. The ~~Board~~ Committee shall deposit such
24

1 funds in the revolving fund created in Section ~~2 of this act~~ 288.5B
2 of this title.

3 ~~E. D.~~ The ~~Board~~ Committee is authorized to promulgate rules as
4 necessary to implement the provisions of this act.

5 SECTION 3. AMENDATORY 52 O.S. 2011, Section 288.5B, as
6 amended by Section 214, Chapter 304, O.S.L. 2012 (52 O.S. Supp.
7 2012, Section 288.5B), is amended to read as follows:

8 Section 288.5B. There is hereby created in the State Treasury a
9 revolving fund for the ~~Oklahoma Energy Resources Board~~ Committee for
10 Sustaining Oklahoma's Energy Resources to be designated the
11 "Sustaining Oklahoma's Energy Resources Revolving Fund". The fund
12 shall be a continuing fund, not subject to fiscal year limitations,
13 and shall consist of all monies transferred to the ~~Oklahoma Energy~~
14 ~~Resources Board~~ Committee for Sustaining Oklahoma's Energy Resources
15 to further the purposes of this act from any public appropriations
16 and donations, grants, contributions or gifts from any public or
17 private source. All monies accruing to the credit of the fund are
18 hereby appropriated and may be budgeted and expended by the ~~Oklahoma~~
19 ~~Energy Resources Board~~ Committee for Sustaining Oklahoma's Energy
20 Resources for the purpose of encouraging and funding research and
21 development of new technologies in the oil and natural gas industry
22 and funding activities to support marginally producing oil and gas
23 wells. Expenditures from the fund shall be made upon warrants
24 issued by the State Treasurer against claims filed as prescribed by

1 law with the Director of the Office of Management and Enterprise
2 Services for approval and payment.

3 SECTION 4. AMENDATORY 52 O.S. 2011, Section 703, is
4 amended to read as follows:

5 Section 703. A. To fund the activities of the ~~Commission on~~
6 ~~Marginally Producing Oil and Gas Wells~~ Committee for Sustaining
7 Oklahoma's Energy Resources for the purpose of encouraging and
8 funding research and development of new technologies in the oil and
9 natural gas industry and to support activities relating to
10 marginally producing oil and gas wells, a fee shall be levied in the
11 amount of thirty-five hundredths of one cent (\$0.0035) on each
12 barrel of petroleum liquid and fifteen thousandths of one cent
13 (\$0.00015) on each one thousand (1,000) cubic feet (Mcf) of natural
14 gas, including casinghead gas, produced from each well in the State
15 of Oklahoma except for oil and gas production exempt from the
16 payment of gross production tax pursuant to Section 1001 of Title 68
17 of the Oklahoma Statutes.

18 B. The fee levied by subsection A of this section shall be
19 deducted from the proceeds of production by the person remitting
20 gross production tax to the Oklahoma Tax Commission pursuant to
21 Section 1001 et seq. of Title 68 of the Oklahoma Statutes. The fee
22 shall be remitted to the Tax Commission in the same manner as is
23 provided by law for the payment of gross production tax. However,
24 the fee shall not be required to be paid until the accrued amount

1 due from any person required to remit the fee reaches Twenty-five
2 Dollars (\$25.00), except that any amount accrued for any calendar
3 year shall be paid by January 31st of the following year. To defray
4 the costs of receiving and depositing the fees levied by this
5 section, the Tax Commission shall retain three percent (3%) of the
6 fees received for deposit into the Oklahoma Tax Commission Revolving
7 Fund created pursuant to Section 113 of Title 68 of the Oklahoma
8 Statutes. The remaining monies received by the Tax Commission
9 pursuant to this section shall be deposited in the ~~Commission on~~
10 ~~Marginally Producing Oil and Gas Wells~~ Sustaining Oklahoma's Energy
11 Resources Revolving Fund created by Section ~~705~~ 288.5B of this
12 title.

13 C. The ~~Commission on Marginally Producing Oil and Gas Wells~~
14 Committee for Sustaining Oklahoma's Energy Resources shall be
15 responsible for taking appropriate and necessary actions to collect
16 any fee which is not paid or is not properly paid. The Tax
17 Commission shall not be responsible for collecting any fee not
18 remitted to the Tax Commission for deposit into the ~~Commission on~~
19 ~~Marginally Producing Oil and Gas Wells~~ Sustaining Oklahoma's Energy
20 Resources Revolving Fund. The Tax Commission shall report to the
21 ~~Commission on Marginally Producing Oil and Gas Wells~~ Committee for
22 Sustaining Oklahoma's Energy Resources any information it obtains
23 regarding failure of any person to properly pay the fee due,
24 including any documentation it may have of the failure.

1 D. The Tax Commission shall promulgate rules to establish
2 procedures and forms necessary for the remittance of the fee levied
3 by this section.

4 E. ~~The Commission on Marginally Producing Oil and Gas Wells~~
5 Committee for Sustaining Oklahoma's Energy Resources or any
6 successor committee shall be prohibited from utilizing any funds
7 collected through the assessment authorized by this section for the
8 purpose of influencing governmental action or policy, with the
9 exception of recommending amendments to Section ~~700 et seq.~~ 288.1 et
10 seq. of this title. The ~~Commission~~ Committee shall be authorized to
11 respond to any request for information from the Governor, any
12 members of the Legislature, any public official or state agency.

13 SECTION 5. AMENDATORY 52 O.S. 2011, Section 704, is
14 amended to read as follows:

15 Section 704. A. Any person subject to the fee levied by
16 Section 4 703 of this ~~act~~ title may request a refund as provided in
17 this section of the fee paid on production for the preceding
18 calendar year. Upon compliance with the provisions of this section
19 and rules promulgated by the ~~Commission on marginally producing oil~~
20 ~~and gas wells~~ Committee for Sustaining Oklahoma's Energy Resources
21 to implement this section, the ~~Commission~~ Committee shall refund to
22 each person requesting a refund the amount of the fee paid by or on
23 behalf of such person during the preceding calendar year.

1 B. The request for a refund of the fee paid on production for
2 the preceding calendar year must be made during the first three (3)
3 calendar months following the calendar year for which the refund is
4 requested. Failure to request a refund during this period shall
5 terminate the right of any person to receive a refund for the fee
6 paid on production for the preceding calendar year. The ~~Commission~~
7 Committee shall give notice of the availability of the refund
8 through press releases or such other means as it deems appropriate.

9 C. Each request for a refund shall be made in such manner and
10 upon such forms as the ~~Commission~~ Committee may require. Each
11 person requesting a refund shall execute an affidavit stating the
12 description of the producing property generating the production for
13 which the refund is requested, the amount of the refund requested
14 and that affiant was the owner of the production upon which the fee
15 was levied. The ~~Commission~~ Committee may require such other
16 information and documentation reasonably necessary to verify the
17 accuracy of the request for a refund.

18 SECTION 6. REPEALER 52 O.S. 2011, Sections 700, 701,
19 702, 705, as amended by Section 220, Chapter 304, O.S.L. 2012, 706
20 and 707 (52 O.S. Supp. 2012, Section 705), are hereby repealed.

21 SECTION 7. RECODIFICATION 52 O.S. 2011, Sections 703 and
22 704, as amended by Sections 4 and 5 of this act, shall be recodified
23 as Sections 288.5D and 288.5E of Title 52 of the Oklahoma Statutes,
24 unless there is created a duplication in numbering.

1 SECTION 8. This act shall become effective July 1, 2013.

2 SECTION 9. It being immediately necessary for the preservation
3 of the public peace, health and safety, an emergency is hereby
4 declared to exist, by reason whereof this act shall take effect and
5 be in full force from and after its passage and approval.

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7 54-1-1613 MJM 3/12/2013 4:59:52 PM