

CS/HB 515

2009

1 A bill to be entitled
2 An act relating to oil and gas production taxes; amending
3 s. 211.02, F.S.; providing for differential rates for the
4 oil production tax on tertiary oil; revising definitions;
5 amending s. 211.027, F.S.; exempting certain oil and gas
6 production from the tax for a certain period of time;
7 providing for future repeal of the exemptions; amending s.
8 211.06, F.S.; conforming cross-references; providing an
9 effective date.

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11 Be It Enacted by the Legislature of the State of Florida:

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13 Section 1. Subsection (1) and paragraph (a) of subsection
14 (3) of section 211.02, Florida Statutes, are amended to read:

15 211.02 Oil production tax; basis and rate of tax; tertiary
16 oil.--An excise tax is hereby levied upon every person who
17 severs oil in the state for sale, transport, storage, profit, or
18 commercial use. Except as otherwise provided in this part, the
19 tax is levied on the basis of the entire production of oil in
20 this state, including any royalty interest. Such tax shall
21 accrue at the time the oil is severed and shall be a lien on
22 production regardless of the place of sale, to whom sold, or by
23 whom used and regardless of the fact that delivery of the oil
24 may be made outside the state.

25 (1) The amount of tax shall be measured by the value of
26 the oil produced and saved or sold during a month. The value of
27 oil shall be taxed at the following rates:

28 (a) Small well oil ~~and tertiary oil~~, 5 percent of gross
 29 value. ~~;~~ ~~and~~

30 (b) Tertiary oil:

31 1. Five percent of gross value for oil having a value
 32 equal to or greater than \$100 per barrel.

33 2. Three percent of gross value for oil having a value
 34 equal to or greater than \$60 per barrel but less than \$100 per
 35 barrel.

36 3. One percent of gross value for oil having a value less
 37 than \$60 per barrel.

38 (c) ~~(b)~~ All other oil, 8 percent of gross value.

39 (3) (a) The term "tertiary oil" means the excess barrels of
 40 oil produced, or estimated to be produced, as a result of the
 41 actual use of a tertiary recovery method ~~methods~~ in a qualified
 42 enhanced oil tertiary recovery project, over the barrels of oil
 43 which could have been produced by continued maximum feasible
 44 production methods in use prior to the start of tertiary
 45 recovery. A "qualified enhanced oil tertiary recovery project"
 46 means a project for enhancing recovery of oil which meets the
 47 requirements of 26 U.S.C. s. 43(c)(2) ~~s. 4993(c)~~, ~~Internal~~
 48 ~~Revenue Code of 1954, as amended~~, or substantially similar
 49 requirements.

50 Section 2. Subsection (4) is added to section 211.027,
 51 Florida Statutes, to read:

52 211.027 Exemptions.--The following on-shore production is
 53 not subject to any tax imposed under this part:

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54 (4) (a) 1. Oil and gas produced from a new field well
55 completed after July 1, 2009, for a period of 60 months after
56 the completion date.

57 2. Oil and gas produced from a new producing well
58 completed on or after July 1, 2009, in a field that was
59 established by the Department of Environmental Protection before
60 July 1, 2009, for a period of 48 months after the completion
61 date.

62 3. Oil and gas produced on or after July 1, 2009, from a
63 shut-in well that has been out of service for at least 24 months
64 prior to July 1, 2009, and through workover and mechanical
65 repair is returned to commercial production, for a period of 48
66 months after the completion date.

67 4. Oil and gas produced on or after July 1, 2009, from a
68 temporarily abandoned well or wellbore that has been out of
69 service for at least 24 months prior to July 1, 2009, and that
70 is brought into commercial production by redrilling and
71 recompletion, for a period of 48 months after the completion
72 date.

73 5. Oil and gas produced on or after July 1, 2009, from any
74 new horizontal well or any new well having a total measured
75 depth in excess of 15,000 feet, for a period of 60 months after
76 the completion date.

77 (b) This subsection is repealed June 30, 2019.

78 Section 3. Subsection (2) of section 211.06, Florida
79 Statutes, is amended to read:

80 211.06 Oil and Gas Tax Trust Fund; distribution of tax
81 proceeds.--All taxes, interest, and penalties imposed under this

82 part shall be collected by the department and placed in a
 83 special fund designated the "Oil and Gas Tax Trust Fund."

84 (2) Beginning July 1, 1995, the remaining proceeds in the
 85 Oil and Gas Tax Trust Fund shall be distributed monthly by the
 86 department and shall be paid into the State Treasury as follows:

87 (a) To the credit of the General Revenue Fund of the
 88 state:

89 1. Seventy-five percent of the proceeds from the oil
 90 production tax imposed under s. 211.02(1) (c) ~~(b)~~.

91 2. Sixty-seven and one-half percent of the proceeds from
 92 the tax on small well oil imposed under s. 211.02(1)(a) and
 93 tertiary oil imposed under s. 211.02(1) (b) ~~(a)~~.

94 3. Sixty-seven and one-half percent of the proceeds from
 95 the tax on gas imposed under s. 211.025.

96 4. Sixty-seven and one-half percent of the proceeds of the
 97 tax on sulfur imposed under s. 211.026.

98 (b) To the credit of the general revenue fund of the board
 99 of county commissioners of the county where produced, subject to
 100 the service charge imposed under chapter 215:

101 1. Twelve and one-half percent of the proceeds from the
 102 tax on oil imposed under s. 211.02(1) (c) ~~(b)~~.

103 2. Twenty percent of the proceeds from the tax on small
 104 well oil imposed under s. 211.02(1)(a) and tertiary oil imposed
 105 under s. 211.02(1) (b) ~~(a)~~.

106 3. Twenty percent of the proceeds from the tax on gas
 107 imposed under s. 211.025.

108 4. Twenty percent of the proceeds from the tax on sulfur
 109 imposed under s. 211.026.

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- 110 (c) To the credit of the Minerals Trust Fund:
- 111 1. Twelve and one-half percent of the proceeds from the
- 112 tax on oil imposed under s. 211.02(1) (c) ~~(b)~~.
- 113 2. Twelve and one-half percent of the proceeds from the
- 114 tax on small well imposed under s. 211.02(1)(a) and tertiary oil
- 115 imposed under s. 211.02(1) (b) ~~(a)~~.
- 116 3. Twelve and one-half percent of the proceeds from the
- 117 tax on gas imposed under s. 211.025.
- 118 4. Twelve and one-half percent of the proceeds from the
- 119 tax on sulfur imposed under s. 211.026.
- 120 Section 4. This act shall take effect July 1, 2009.