

1                                   A bill to be entitled  
 2           An act relating to oil and gas production taxes; amending  
 3           s. 211.02, F.S.; providing a tiered tax rate structure for  
 4           the oil production tax on tertiary oil; revising  
 5           definitions; providing an effective date.

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

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 9           Section 1.   Section 211.02, Florida Statutes, is amended to  
 10          read:

11           211.02   Oil production tax; basis and rate of tax; tertiary  
 12          oil.--An excise tax is hereby levied upon every person who  
 13          severs oil in the state for sale, transport, storage, profit, or  
 14          commercial use. Except as otherwise provided in this part, the  
 15          tax is levied on the basis of the entire production of oil in  
 16          this state, including any royalty interest. Such tax shall  
 17          accrue at the time the oil is severed and shall be a lien on  
 18          production regardless of the place of sale, to whom sold, or by  
 19          whom used, and regardless of the fact that delivery of the oil  
 20          may be made outside the state.

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

24           (a)   Small well oil ~~and tertiary oil~~, 5 percent of gross  
 25          value. †

26           (b)   Tertiary oil:

27           1.   One percent of the gross value of oil on the value of  
 28          oil \$60 dollars and below;

29           2. Seven percent of the gross value of oil on the value of  
 30 oil above \$60 and below \$80; and

31           3. Nine percent of the gross value of oil on the value of  
 32 oil \$80 and above.

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

34           (2) (a) For the purposes of this section, "value" means the  
 35 sale price or market price of a barrel of oil at the mouth of  
 36 the well in its natural, unrefined condition. If the oil is  
 37 exchanged for something other than cash, if there is no sale at  
 38 the mouth of the well, or if the sale price is not indicative of  
 39 the true value or market price of the oil produced, value shall  
 40 be determined by the sale price of oil of like kind and quality,  
 41 considering any differences in the place of production or sale.

42           (b) Any charges prepaid by the producer or included in the  
 43 invoice price for delivery of the oil shall be deducted from the  
 44 gross proceeds of the sale which are used to determine the value  
 45 of oil produced, provided the oil was sold at a delivered price.

46           (c) The value of oil produced shall not include any  
 47 wellhead or other production taxes imposed by the United States  
 48 on the producer, to the extent that such taxes do not provide a  
 49 credit or deduction for the tax imposed under this part.

50           (3) (a) The term "tertiary oil" means the excess barrels of  
 51 oil produced, or estimated to be produced, as a result of the  
 52 actual use of a tertiary recovery method ~~methods~~ in a qualified  
 53 enhanced oil ~~tertiary~~ recovery project, over the barrels of oil  
 54 which could have been produced by continued maximum feasible  
 55 production methods in use prior to the start of tertiary  
 56 recovery. A "qualified enhanced oil ~~tertiary~~ recovery project"

57 means a project for enhancing recovery of oil which meets the  
58 requirements of 26 U.S.C. s. 43(c)(2) ~~s. 4993(c), Internal~~  
59 ~~Revenue Code of 1954, as amended,~~ or substantially similar  
60 requirements.

61 (b) The department may establish the method to be used by  
62 producers to determine the taxable production of tertiary oil  
63 and may require a producer or operator to furnish any  
64 information the department deems necessary for this purpose.

65 (4) Oil production shall be measured or gauged. Mechanical  
66 metering systems using meters of a type generally approved for  
67 use in the industry may be used to measure oil production. If  
68 tank tables are used to determine oil production, tables  
69 compiled to show 100 percent of the full capacity of tanks,  
70 without deduction for overage or losses in handling, shall be  
71 used; or the oil production shall be adjusted to a basis of 100  
72 percent of the full capacity of tanks if oil production is  
73 determined using tank tables compiled to show less than 100  
74 percent of the full capacity of tanks. Oil production shall be  
75 expressed in barrels.

76 (5) The tax imposed under this section shall be  
77 administered, collected, and enforced by the department.

78 Section 2. This act shall take effect July 1, 2009.

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