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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/26/2009	.	
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	.	
	.	

The Committee on Finance and Tax (Altman) recommended the following:

1 **Senate Substitute for Amendment (464628) (with title**
2 **amendment)**

3
4 Delete everything after the enacting clause
5 and insert:

6
7 Section 1. Section 211.02, Florida Statutes, is amended to
8 read:

9 211.02 Oil production tax; basis and rate of tax; tertiary
10 oil.—An excise tax is hereby levied upon every person who severs
11 oil in the state for sale, transport, storage, profit, or



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12 commercial use. Except as otherwise provided in this part, the
13 tax is levied on the basis of the entire production of oil in
14 this state, including any royalty interest. Such tax shall
15 accrue at the time the oil is severed and shall be a lien on
16 production regardless of the place of sale, to whom sold, or by
17 whom used, and regardless of the fact that delivery of the oil
18 may be made outside the state.

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

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

24 (b) Tertiary oil:

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

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

29 3. Nine percent of the gross value of oil on the value of
30 oil \$80 and above.

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

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

40 (b) Any charges prepaid by the producer or included in the



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41 invoice price for delivery of the oil shall be deducted from the
42 gross proceeds of the sale which are used to determine the value
43 of oil produced, provided the oil was sold at a delivered price.

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

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

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

63 (4) Oil production shall be measured or gauged. Mechanical
64 metering systems using meters of a type generally approved for
65 use in the industry may be used to measure oil production. If
66 tank tables are used to determine oil production, tables
67 compiled to show 100 percent of the full capacity of tanks,
68 without deduction for overage or losses in handling, shall be
69 used; or the oil production shall be adjusted to a basis of 100



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70 percent of the full capacity of tanks if oil production is
71 determined using tank tables compiled to show less than 100
72 percent of the full capacity of tanks. Oil production shall be
73 expressed in barrels.

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

76
77 ===== T I T L E A M E N D M E N T =====

78 And the title is amended as follows:

79 Delete everything before the enacting clause
80 and insert:

81
82 A bill to be entitled
83 An act relating to oil and gas production taxes;
84 amending s. 211.02, F.S.; providing a tiered tax rate
85 structure for the oil production tax on tertiary oil;
86 revising definitions; providing an effective date.