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LEGISLATIVE ACTION

Senate

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House

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

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

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

211.02 Oil production tax; basis and rate of tax; tertiary oil.—An excise tax is hereby levied upon every person who severs oil in the state for sale, transport, storage, profit, or commercial use. Except as otherwise provided in this part, the



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

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

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

23 (b) Tertiary oil:

24 1. Five percent of gross value for oil having a value of  
25 \$80 per barrel or more;

26 2. Three percent of gross value for oil having a value of  
27 \$60 but less than \$80 per barrel; and

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

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

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

39 (b) Any charges prepaid by the producer or included in the  
40 invoice price for delivery of the oil shall be deducted from the



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41 gross proceeds of the sale which are used to determine the value  
42 of oil produced, provided the oil was sold at a delivered price.

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

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

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

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



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

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

75  
76 ===== T I T L E A M E N D M E N T =====

77 And the title is amended as follows:

78 Delete everything before the enacting clause  
79 and insert:

80  
81 A bill to be entitled  
82 An act relating to oil and gas production taxes;  
83 amending s. 211.02, F.S.; providing a tiered tax rate  
84 structure for the oil production tax on tertiary oil;  
85 revising definitions; providing an effective date.