

By the Committee on Finance and Tax; and Senator Pruitt

593-03551-09

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

6
7 Be It Enacted by the Legislature of the State of Florida:

8
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 severs
13 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 the
22 oil produced and saved or sold during a month. The value of oil
23 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

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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~~

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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.