BILL SUMMARY

1st Session of the 60th Legislature

Bill No.:	**HB 1372**
Version:	**INT**
Request Number:	**10309**
Author:	**Rep. Boles**
Date:	**2/4/2025**
Impact:	**Minimal**

Research Analysis

HB1372, as introduced, grants a 50 precent discount on gross production taxes due for the first 36 months of production from wells on the Oklahoma Corporation Commission's (OCC) orphaned well list. A producer overseeing a recovery project for an orphaned well must file a $25,000 security interest with the Secretary of State that is held in interest for the OCCs' well plugging fund.

Prepared By: Quyen Do

Fiscal Analysis

In its current form, HB 1372 proposes to establish a temporary reduced tax rate for certain oil and gas recovery projects.

The Oklahoma Tax Commission has provided the following fiscal impact analysis:

ESTIMATED REVENUE IMPACT:

FY26: Minimal.

FY27: Minimal.

ANALYSIS: The proposal amends 68 O.S. § 1001 to establish a temporary reduced tax rate for certain oil and gas recovery projects. Specifically, production from wells listed on the Corporation Commission's orphaned well list will qualify for a 50% reduction in the gross production tax for 36 months from the project's start date. After this period, the rate will revert to the full amount.

The revenue and apportionment impacts are expected to be minimal. Some existing production may retroactively qualify as orphan wells currently producing within a recovery project, potentially benefiting from the reduced rate. Additionally, the 12,184 wells currently on the Corporation Commission's orphaned well list could be integrated into recovery projects and begin production after this proposal takes effect, potentially generating new tax revenue from wells that might not have otherwise produced.

Prepared By: Zachary Penrod, House Fiscal Staff

Other Considerations

None.