

Council Substitute for House Bill No. 515

An act relating to oil and gas production taxes; amending s. 211.02, F.S.; providing a tiered tax rate structure for the oil production tax on tertiary oil; revising definitions; providing an effective date.

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

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

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

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

(b) Tertiary oil:

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

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

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

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

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

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

(c) The value of oil produced shall not include any wellhead or other production taxes imposed by the United States on the producer, to the extent

that such taxes do not provide a credit or deduction for the tax imposed under this part.

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

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

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

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

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

Approved by the Governor June 10, 2009.

Filed in Office Secretary of State June 10, 2009.