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## FISCAL IMPACT REPORT

SPONSOR: Burpo DATE TYPED: 02/24/01 HB 864  
 SHORT TITLE: Sequestering Certain Tax Payments SB \_\_\_\_\_  
 ANALYST: Williams

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
		See Text		

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files  
 Taxation and Revenue Department (TRD)  
 Energy, Minerals and Natural Resources Department (EMNRD)

### SUMMARY

#### Synopsis of Bill

The bill extends disbursements to include attorney fees and costs awarded by a court or hearing officer, as the result of oil and gas litigation. The bill would delete the exception for amounts credited to the oil and gas protested payments suspense fund.

Payments on assessments for:

- oil and gas conservation taxes,
- oil and gas emergency school taxes,
- oil and gas ad valorem production taxes and
- oil and gas ad valorem production equipment taxes

are to be held in the extraction suspense fund until the Secretary of Taxation and Revenue determines there is no substantial risk of protest or other litigation. Then, certain disbursement are made, and the amount in the suspense fund on the last day of the month must be identified by tax source and distributed. Any balance, except for unidentified payments, must be transferred to the general fund.

#### Significant Issues

## **House Bill 864 -- Page 2**

TRD notes identified payments could be held in suspense, perhaps for years, until the litigation ends.

### **FISCAL IMPLICATIONS**

The current revenue forecast does not include an unusually large amount of audit revenues from crude oil and natural gas. The language could delay distribution of audit revenues from crude oil and natural gas production.

### **TECHNICAL ISSUES**

On page 5, lines 12 and 13, add: "Oil and Gas Production Equipment Ad Valorem Tax."

### **OTHER SUBSTANTIVE ISSUES**

See attached TRD analysis.

AW/ar