

An Act

ENROLLED SENATE
BILL NO. 1505

By: Paxton of the Senate

and

Boles and Archer of the
House

An Act relating to rebate payments; amending Sections 2, 3, 4, and 5, Chapter 346, O.S.L. 2022 (68 O.S. Supp. 2023, Sections 55007, 55008, 55009, and 55010), which relate to the Oklahoma Emission Reduction Technology Incentive Act; modifying intent; modifying definitions; eliminating rebate payment limit; amending approval process; modifying name of revolving fund; modifying purpose of fund; creating the Oklahoma Emission Reduction Technology Downstream Incentive Revolving Fund; stating sources of fund; providing for expenditures from fund; providing for transfer of funds under certain circumstance; providing for proportional payments; updating statutory language; updating statutory references; providing an effective date; and declaring an emergency.

SUBJECT: Oklahoma Emission Reduction Technology Incentive Act

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY Section 2, Chapter 346, O.S.L. 2022 (68 O.S. Supp. 2023, Section 55007), is amended to read as follows:

Section 55007. The Legislature hereby finds that the reduction of emissions from upstream ~~and~~, midstream, and downstream oil and gas production, exploration, completions, gatherings, storage,

processing, refining, distribution, and transmission activities serves the interests of the citizens of Oklahoma and such emission reduction activities with new and innovative technologies should be encouraged and incentivized.

SECTION 2. AMENDATORY Section 3, Chapter 346, O.S.L. 2022 (68 O.S. Supp. 2023, Section 55008), is amended to read as follows:

Section 55008. As used in the Oklahoma Emission Reduction Technology Incentive Act, "Emission Reduction Project" means and includes, but is not limited to:

1. Existing and new technology projects that reduce on-site emissions of regulated pollutants or carbon oxides from stationary sources; and

2. Existing and new technology projects that reduce emissions from upstream ~~and~~, midstream, and downstream oil and gas exploration, production, completions, ~~gathering~~ gatherings, storage, processing, refining, distribution, and transmission activities through the following:

- a. the replacement, repair, or retrofit of stationary compressor engines,
- b. the installation of systems and/or equipment to reduce or eliminate the loss of gas, venting of gas, flaring of gas, or burning of gas using other combustion control devices, ~~or~~
- c. the installation of systems and/or equipment to reduce the per barrel consumption of energy, or
- d. the installation of emissions monitoring equipment or devices.

SECTION 3. AMENDATORY Section 4, Chapter 346, O.S.L. 2022 (68 O.S. Supp. 2023, Section 55009), is amended to read as follows:

Section 55009. A. Upon ~~the effective date of this act~~ July 1, 2022, there is hereby created the Oklahoma Emission Reduction Technology Rebate Program. There is hereby created a rebate in the amount of up to twenty-five percent (25%) of documented expenditures made in this state directly attributable to the implementation of a qualified Emission Reduction Project.

B. The rebate program shall be administered by the Department of Environmental Quality and the Oklahoma Tax Commission, as provided in the Oklahoma Emission Reduction Technology Incentive Act.

C. To be eligible for a rebate payment:

1. The applicant responsible for the implementation of a qualified Emission Reduction Project in this state shall submit documentation to the Department of Environmental Quality no later than six (6) months after the end of the fiscal year in which the expenditures were made stating the amount of expenditures made in this state directly related to the implementation of the qualified Emission Reduction Project. The Department of Environmental Quality shall additionally establish a process whereby an applicant may submit a payment for approval prior to the expenditure of funds. Any approval through this alternative process shall be subject to final approval as determined necessary by the Department of Environmental Quality;

2. The applicant has filed all Oklahoma tax returns and tax documents which are required by the laws of this state; and

3. The applicant shall provide evidence of a certificate of general liability insurance with a minimum coverage of One Million Dollars (\$1,000,000.00) and a workers' compensation policy pursuant to the laws of this state which shall include coverage of employer's liability.

D. The Department of Environmental Quality shall approve or disapprove all claims for a rebate payment and shall notify the Oklahoma Tax Commission. The Tax Commission shall, upon notification of approval from the Department of Environmental Quality, issue a rebate payment for all approved claims from funds in the Oklahoma Emission Reduction Technology Upstream and Midstream

~~Incentive Revolving Fund created in Section 5 of this act and the Oklahoma Emission Reduction Technology Downstream Incentive Revolving Fund, both created in Section 55010 of this title. If the amount of the approved claims exceeds the amount available in either fund, during a fiscal year, payments shall be made proportionally to all the parties making a claim prior to the deadline which is approved by the Department of Environmental Quality. Rebate payments from the fund shall not exceed Ten Million Dollars (\$10,000,000.00) in any fiscal year. If the amount of approved claims exceeds the amount specified in this subsection in a fiscal year, payments shall be made proportionately to all of the parties making a claim prior to the deadline which is approved by the Department of Environmental Quality with the amount to be paid to each approved party being product of the individual claim amount times the percentage resulting from Ten Million Dollars (\$10,000,000.00) divided by the total amount of approved claims for the period. If an approved claim is not paid in whole or in part, the unpaid claim or unpaid portion shall be paid in the following fiscal years in the order in which the claims are approved by the Department.~~

E. Approved claims for rebate that exceed the balance of the Oklahoma Emission Reduction Technology Upstream and Midstream Incentive Revolving Fund created in Section 5 of this act and the Oklahoma Emission Reduction Technology Downstream Incentive Revolving Fund, both created in Section 55010 of this title may be paid in part and the unpaid portion shall be paid upon the applicable fund reaching a sufficient balance in the order in which the claims are approved by the Department.

SECTION 4. AMENDATORY Section 5, Chapter 346, O.S.L. 2022 (68 O.S. Supp. 2023, Section 55010), is amended to read as follows:

Section 55010. A. There is hereby created in the State Treasury a revolving fund for the Oklahoma Tax Commission to be designated the "Oklahoma Emission Reduction Technology Upstream and Midstream Incentive Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Tax Commission from any public or private donations, contributions, and gifts received for the benefit of the fund and any amounts appropriated by the ~~Oklahoma~~ Legislature

designated for deposit in the fund. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Tax Commission for the purpose of paying rebates for emission reduction projects, except for projects pertaining to refining activities, as provided in ~~this act~~ the Oklahoma Emission Reduction Technology Incentive Act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment. Any remaining unencumbered balance upon the cessation of the Oklahoma Emission Reduction Technology Rebate Program, as provided in Section 7 55012 of this ~~act~~ title, shall be transferred to the General Revenue Fund of ~~the State of Oklahoma~~ this state.

B. There is hereby created in the State Treasury a revolving fund for the Oklahoma Tax Commission to be designated the "Oklahoma Emission Reduction Technology Downstream Incentive Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Tax Commission from any public or private donations, contributions, and gifts received for the benefit of the fund and any amounts appropriated by the Legislature designated for deposit in the fund. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Tax Commission for the purpose of paying rebates for emission reduction projects pertaining to refining activities as provided in this act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment. Any remaining unencumbered balance upon the cessation of the Oklahoma Emission Reduction Technology Rebate Program, as provided in Section 55012 of this title, shall be transferred to the General Revenue Fund of this state.

SECTION 5. This act shall become effective July 1, 2024.

SECTION 6. It being immediately necessary for the preservation of the public peace, health or safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 21st day of May, 2024.

Presiding Officer of the Senate

Passed the House of Representatives the 17th day of April, 2024.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____