

1 HB649
2 138735-1
3 By Representatives Newton (C) and Davis
4 RFD: Ways and Means General Fund
5 First Read: 05-APR-12

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8 SYNOPSIS: Under current law, the state levies an oil
9 and gas production tax at the rate of 2% of the
10 gross value of the oil and gas at the point of
11 production. However, the tax rate on offshore
12 production, produced from depths greater than 8,000
13 feet below mean sea level, is 1.66% of the gross
14 proceeds received from the sale of oil and gas. The
15 proceeds from the tax are deposited into the State
16 General Fund are appropriated by the Legislature.

17 This bill would allocate a portion of the
18 annual proceeds of the oil and gas production tax
19 to the State Oil and Gas Board of Alabama and the
20 Geological Survey of Alabama to help defray the
21 expenses associated with the supervision and
22 protection of the mineral, oil and gas and other
23 natural resources of the state.

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25 A BILL
26 TO BE ENTITLED
27 AN ACT

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2 To amend Section 9-17-31, Code of Alabama 1975,
3 regarding the oil and gas production tax, to allocate a
4 portion of the proceeds from the oil and gas production tax to
5 the State Oil and Gas Board of Alabama and the Geological
6 Survey of Alabama.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8 Section 1. Section 9-17-31, Code of Alabama 1975 is
9 hereby amended as follows:

10 "§9-17-31.

11 All funds collected pursuant to the tax levied on
12 the producer of crude petroleum oil or natural gas produced
13 for sale, transport, storage, profit or for use, from any well
14 or wells in the State of Alabama, as is provided in Section
15 9-17-25 and Section 9-17-35, shall be ~~deposited in the State~~
16 ~~Treasury to the credit of the General Fund and shall be~~
17 ~~expended only in the manner provided by appropriation by the~~
18 ~~Legislature.~~ distributed in monthly amounts beginning October
19 1, 2012 as follows:

20 (1) An amount equal to 23 percent of the amount of
21 tax proceeds generated in the fiscal year concluding two-years
22 prior to the then current fiscal year, or no less than
23 \$7,000,000, whichever is greater, shall be allocated to the
24 State Oil and Gas Board of Alabama and the Geological Survey
25 of Alabama in the following manner:

26 (a) 50 percent of the total monthly allocation shall
27 be allocated to the State Oil and Gas Board of Alabama and

1 expended as provided through appropriation by the Legislature
2 solely for the purpose of defraying the expenses of the
3 management and regulation of the oil and gas exploration and
4 development program of the State of Alabama and of carrying
5 out the Board's powers and duties under Title 9, Chapter 17,
6 of the Code of Alabama 1975, and other relevant authorities.
7 The allocation of tax proceeds to the Board is intended by the
8 Legislature to supplant base State General Fund
9 appropriations, but not other funds appropriated to the Board.
10 The Legislature may, in its discretion, make State General
11 Fund appropriations to the Board for special projects or other
12 purposes.

13 (b) 50 percent of the total monthly allocation shall
14 be allocated to the Geological Survey of Alabama and expended
15 as provided through appropriation by the Legislature solely
16 for the purpose of defraying the expenses of exploring,
17 examining, and reporting on the mineral, energy, water,
18 biological and other natural resources of the state and
19 carrying out the Geological Survey's powers and duties under
20 Title 9, Chapter 4 of the Code of Alabama 1975, and other
21 relevant authorities. The allocation of tax proceeds to the
22 Geological Survey is intended by the Legislature to supplant
23 base State General Fund appropriations, but not other funds
24 appropriated to the Geological Survey. The Legislature may, in
25 its discretion, make State General Fund appropriations to the
26 Survey for special projects or other purposes.

1 (2) The balance of proceeds shall be deposited in
2 the State Treasury to the credit of the State General Fund and
3 shall be expended only in the manner provided by appropriation
4 by the Legislature.

5 Section 2. This act shall become effective on
6 October 1, 2012, following its passage and approval by the
7 Governor, or its otherwise becoming law.