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**OKOGA STATEMENT ON HOUSE ACTION TO RAISE GPT ON LEGACY WELLS**

Oklahoma City (Nov. 1, 2017) – The Oklahoma Oil and Gas Association (OKOGA) released the following statement on HB 1085x, a revenue raising bill that passed the House today to raise the gross production tax (GPT) rate on more than 6,600 legacy wells to 7 percent.

**“With this bill, the Legislature will raise the effective GPT rate by 2 full percentage points since 2016 to the tune of \$412 million additional tax dollars from the oil and natural gas industry,”** said Chad Warmington. **“These GPT increases, and the constant chatter of another tax increase next year, has made Oklahoma’s business environment uncertain and unreliable. This is going to slow valuable momentum for achieving Oklahoma’s full energy recovery.”**

HB 1085x will make Oklahoma’s effective GPT rate 5.3 percent, according to the Oklahoma Tax Commission, and will provide \$51 million in additional taxes in FY’18 and another \$100.5 million in additional taxes in FY’19. Oklahoma’s effective GPT rate was 3.2 percent in January 2017.



**“The growth in new jobs and new tax revenue in Oklahoma this year has been driven by the oil and natural gas industry,”** Warmington continued. **“Industry wants to do more to grow Oklahoma’s economy, create jobs, and make long-term investments but this is at risk until the state can reestablish certainty in the cost to do business in Oklahoma.”**

Over the past three years, the state has increased taxes on the oil and natural gas industry in the following ways:

- In 2017, the oil and natural gas industry will pay an additional \$141 million in tax increases by ending all GPT rebates and by increasing the GPT rate by 300% on roughly 6,600 older wells.
- In 2016, the oil and natural gas industry paid an additional \$120 million in tax increases when the state placed a cap on the economically at-risk well rebate.
- In 2015, the state increased taxes on horizontal drillers by 100 percent when it implemented the permanent two-tiered GPT rate for all wells of 2 percent for the first 36 months and 7 percent for the remaining life of the well, on average more than 30 years.
- In 2015, the state also eliminated more than half of the GPT rebates, six of the 11 rebates of which some had existed dating back to the early 1990s.

### **Background**

**The Oklahoma Oil & Gas Association**, founded in 1919, is the oldest energy trade association in the United States. Nearly a century later, the association remains dedicated to the advancement and improvement of the oil and natural gas industry within the state of Oklahoma and throughout the nation. It is a non-profit association composed of oil and gas producers, operators, purchasers, pipelines, transporters, processors, refiners, marketers and service companies which represent a substantial sector of the oil and natural gas industry within Oklahoma. The activities of OKOGA include support for legislative and regulatory measures designed to promote both the well-being and best interests of the citizens of this state and a strong and vital petroleum industry within the State of Oklahoma and throughout the United States.

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