

HB6224



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB6224

Introduced 2/11/2016, by Rep. Jay Hoffman

SYNOPSIS AS INTRODUCED:

35 ILCS 450/2-10

Amends the Illinois Hydraulic Fracturing Tax Act. Changes the definition of "Illinois construction worker" to mean a construction worker domiciled in Illinois for 60 months (instead of 24 months) prior to the date of the issuance of a high volume horizontal hydraulic fracturing permit for the well site on which the construction is performed. Effective immediately.

LRB099 19414 HLH 43806 b

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Hydraulic Fracturing Tax Act is
5 amended by changing Section 2-10 as follows:

6 (35 ILCS 450/2-10)

7 Sec. 2-10. Definitions. For the purposes of this Act,
8 unless the context otherwise requires:

9 "Barrel" for oil measurement means a barrel of 42 U.S.
10 gallons of 231 cubic inches per gallon, computed at a
11 temperature of 60 degrees Fahrenheit.

12 "Construction" means any constructing, altering,
13 reconstructing, repairing, rehabilitating, refinishing,
14 refurbishing, remodeling, remediating, renovating, custom
15 fabricating, maintaining, landscaping, improving, drilling,
16 testing, moving, wrecking, painting, decorating, demolishing,
17 and adding to or subtracting from any building, structure,
18 highway, roadway, street, bridge, alley, sewer, ditch, water
19 works, parking facility, railroad, excavation or other
20 structure, project, development, real property or improvement,
21 or to do any part thereof, whether or not the performance of
22 the construction involves the addition to, or fabrication into,
23 any structure, project, development, real property or

1 improvement herein described performed or done on behalf of an
2 operator in connection with and at the location of a well site
3 subject to the tax imposed by this Act.

4 "Construction worker" means a person performing
5 construction.

6 "Department" means the Illinois Department of Revenue.

7 "Fracturing" or "hydraulic fracturing" means the
8 propagation of fractures in a rock layer, by a pressurized
9 fluid used to release petroleum or natural gas (including shale
10 gas, tight gas, and coal seam gas), for extraction.

11 "Gas" means natural gas taken from below the surface of the
12 earth or water in this State, regardless of whether the gas is
13 taken from a gas well or from a well also productive of oil or
14 any other product.

15 "General prevailing rate of hourly wages" has the meaning
16 ascribed to it in Section 2 of the Prevailing Wage Act, as
17 determined by the Director of the Department of Labor under
18 Section 9 of the Prevailing Wage Act for the county in which
19 the construction occurs.

20 "Illinois construction worker" means a construction
21 worker, as defined in this Section, domiciled in Illinois for
22 60 ~~24~~ months prior to the date of the issuance of a high volume
23 horizontal hydraulic fracturing permit for the well site on
24 which the construction is performed.

25 "Lease number" means the number assigned by the purchaser
26 to identify each production unit.

1 "Oil" means petroleum or other crude oil, condensate,
2 casinghead gasoline, or other mineral oil that is severed or
3 withdrawn from below the surface of the soil or water in this
4 State.

5 "Operator" means the person primarily responsible for the
6 management and operation of oil or gas productions from a
7 production unit.

8 "Person" means any natural individual, firm, partnership,
9 association, joint stock company, joint adventure, public or
10 private corporation, limited liability company, or a receiver,
11 executor, trustee, guardian, or other representative appointed
12 by order of any court.

13 "Producer" means any person owning, controlling, managing,
14 or leasing any oil or gas property or oil or gas well, and any
15 person who severs in any manner any oil or gas in this State,
16 and shall include any person owning any direct and beneficial
17 interest in any oil or gas produced, whether severed by such
18 person or some other person on their behalf, either by lease,
19 contract, or otherwise, including working interest owners,
20 overriding royalty owners, or royalty owners.

21 "Production unit" means a unit of property designated by
22 the Department of Natural Resources from which oil or gas is
23 severed.

24 "Purchaser" means a person who is the first purchaser of a
25 product after severance from a production unit.

26 "Remove" or "removal" means the physical transportation of

1 oil or gas off of the production unit where severed; and if the
2 oil or gas is used on the premises where severed, or if the
3 manufacture or conversion of oil or gas into refined products
4 occurs on the premises where severed, oil or gas shall be
5 deemed to have been removed on the date such use, manufacture,
6 or conversion begins.

7 "Severed" or "severing" means: (1) the production of oil
8 through extraction or withdrawal of the same, whether such
9 extraction or withdrawal is by natural flow, mechanical flow,
10 forced flow, pumping, or any other means employed to get the
11 oil from below the surface of the soil or water and shall
12 include the withdrawal by any means whatsoever of oil upon
13 which the tax has not been paid, from any surface reservoir,
14 natural or artificial, or from a water surface; and (2) the
15 production of gas through the extraction or withdrawal of the
16 same by any means whatsoever, from below the surface of the
17 earth or water.

18 "Severance" means the taking of oil or gas from below the
19 surface of the soil or water in any manner whatsoever.

20 "Total workforce hours" means all hours worked by
21 construction workers on a well site, beginning on the date an
22 application for a permit to perform high volume horizontal
23 hydraulic fracturing operations at the well is filed under
24 Section 1-35 of the Hydraulic Fracturing Regulatory Act and
25 ending on the date of first production following initial
26 drilling or any reworking of the well.

1 "Value" means the sale price of oil or gas at the time of
2 removal of the oil or gas from the production unit and if oil
3 or gas is exchanged for something other than cash, or if no
4 sale occurs at the time of removal, or if the Department
5 determines that the relationship between the buyer and the
6 seller is such that the consideration paid, if any, is not
7 indicative of the true value or market price, then the
8 Department shall determine the value of the oil or gas subject
9 to tax based on the cash price paid to one or more producers
10 for the oil or gas or based on the cash price paid to producers
11 for like quality oil or gas in the vicinity of the production
12 unit at the time of the removal of the oil or gas from the
13 production unit.

14 "Well site" has the meaning ascribed to the term in Section
15 1-5 of the Hydraulic Fracturing Regulatory Act.

16 "Working interest" means any interest in or any right to
17 the production of oil and gas, excluding royalty or overriding
18 royalty interests.

19 (Source: P.A. 98-22, eff. 6-17-13.)

20 Section 99. Effective date. This Act takes effect upon
21 becoming law.