

SB3230



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB3230

Introduced 2/11/2014, by Sen. Ira I. Silverstein

SYNOPSIS AS INTRODUCED:

35 ILCS 450/2-15

Amends the Illinois Hydraulic Fracturing Tax Act. Removes a provision that provides for a different tax calculation for the first 24 months of oil and gas production.

LRB098 19586 HLH 54778 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 2-15 as follows:

6 (35 ILCS 450/2-15)

7 Sec. 2-15. Tax imposed.

8 (a) For oil and gas removed on or after July 1, 2013, there
9 is hereby imposed a tax upon the severance and production of
10 oil or gas from a well on a production unit in this State
11 permitted, or required to be permitted, under the Illinois
12 Hydraulic Fracturing Regulatory Act, for sale, transport,
13 storage, profit, or commercial use. The tax shall be applied
14 equally to all portions of the value of each barrel of oil
15 severed and subject to such tax and to the value of the gas
16 severed and subject to such tax. ~~The For a period of 24 months~~
17 ~~from the month in which oil or gas was first produced from the~~
18 ~~well, the rate of tax shall be 3% of the value of the oil or gas~~
19 ~~severed from the earth or water in this State. Thereafter, the~~
20 rate of the tax shall be as follows:

21 (1) For oil:

22 (A) where the average daily production from the
23 well during the month is less than 25 barrels, 3% of

1 the value of the oil severed from the earth or water;

2 (B) where the average daily production from the
3 well during the month is 25 or more barrels but less
4 than 50 barrels, 4% of the value of the oil severed
5 from the earth or water;

6 (C) where the average daily production from the
7 well during the month is 50 or more barrels but less
8 than 100 barrels, 5% of the value of the oil severed
9 from the earth or water; or

10 (D) where the average daily production from the
11 well during the month is 100 or more barrels, 6% of the
12 value of the oil severed from the earth or water.

13 (2) For gas, 6% of the value of the gas severed from
14 the earth or water.

15 If a well is required to be permitted under the ~~Illinois~~
16 Hydraulic Fracturing Regulatory Act, the tax imposed by this
17 Section applies, whether or not a permit was obtained.

18 (b) Oil produced from a well whose average daily production
19 is 15 barrels or less for the 12-month period immediately
20 preceding the production is exempt from the tax imposed by this
21 Act.

22 (c) For the purposes of the tax imposed by this Act the
23 amount of oil produced shall be measured or determined, in the
24 case of oil, by tank tables, without deduction for overage or
25 losses in handling. Allowance for any reasonable and bona fide
26 deduction for basic sediment and water, and for correction of

1 temperature to 60 degrees Fahrenheit will be allowed. For the
2 purposes of the tax imposed by this Act the amount of gas
3 produced shall be measured or determined, by meter readings
4 showing 100% of the full volume expressed in cubic feet at a
5 standard base and flowing temperature of 60 degrees Fahrenheit,
6 and at the absolute pressure at which the gas is sold and
7 purchased. Correction shall be made for pressure according to
8 Boyle's law, and used for specific gravity according to the
9 gravity at which the gas is sold and purchased.

10 (d) The following severance and production of gas shall be
11 exempt from the tax imposed by this Act: gas injected into the
12 earth for the purpose of lifting oil, recycling, or
13 repressuring; gas used for fuel in connection with the
14 operation and development for, or production of, oil or gas in
15 the production unit where severed; and gas lawfully vented or
16 flared; gas inadvertently lost on the production unit by reason
17 of leaks, blowouts, or other accidental losses.

18 (e) All oil and gas removed from the premises where severed
19 is subject to the tax imposed by this Act unless exempt under
20 the terms of this Act.

21 (f) The liability for the tax accrues at the time the oil
22 or gas is removed from the production unit.

23 (Source: P.A. 98-22, eff. 6-17-13; revised 10-7-13.)