

ENERGY TAX INCENTIVES ADVANCED, LEGISLATION WILL PRESERVE JOBS, REVENUE

From Senate Media

■ (OKLAHOMA CITY) The Oklahoma Legislature is making good on its promise to deliver targeted tax incentives to the state's energy industry, reaching final agreement on legislation that will help preserve Oklahoma's existing oil and gas infrastructure.

"We've made a concerted effort to keep one of Oklahoma's most important industries alive and profitable," said Senator Stratton Taylor, President Pro Tempore of the Oklahoma Senate. "We don't want to see any more energy jobs lost or another well plugged because of an unrealistic tax code."

"This is consistent with our policy of tying targeted tax incentives directly to economic development," added House Speaker Glen D. Johnson. "The energy industry has been the backbone of the Oklahoma economy for so many years, and can continue to be a contributor if we give it the tools to grow."

SB911, dubbed "Project ALARM" (Adding Life to At-Risk Marginal wells) by its supporters, would provide tax incentives to marginal or low-producing oil wells. It would involve gross production tax refunds and other tax changes that would assist owners of marginal wells. The incentives will total \$14 million annually.

"The gross production tax should not be responsible for the plugging of a single well," said Sen. Kevin Easley, author of SB911. "Plugged wells mean lost jobs and lost revenue. If we can keep those wells operating by offering a few tax incentives, both the state and the energy industry will benefit."

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Rep. Larry Rice

"I view this legislation as an investment that will pay numerous dividends in the years to come, not just for the energy industry but for the state as a whole," said Rep. Larry Rice, House author of SB911. "If we can maintain a strong oil and gas infrastructure, we can preserve thousands of jobs and millions of dollars in revenue for future generations in Oklahoma."

Some 2,000 oil and gas wells are abandoned in Oklahoma in 1994 alone. If those wells had remained active, according to the Interstate Oil and Gas compact commission, Oklahoma would have reaped a number of economic benefits including:

- ✓ 1.4 million more barrels of oil production;
- ✓ \$28 million in product revenues;
- ✓ \$2 million in gross production taxes;
- ✓ More than 250 jobs or the equivalent of a \$3 million a year payroll.

According to the Oklahoma Independent Petroleum Association, the oil and gas in-

dustry accounts for about 12 percent of the state gross product with an overall economic impact of \$8 billion. More than 35,000 Oklahomans work in the industry.

Retirement, continued from page 2

systems that are in danger of default — not to a computer system."

The issue was a point of heated discussion on Thursday, when House members voted 48-47 to adopt the bill's conference committee report and voted 58-38 in favor of the bill.

Rep. Larry Roberts, D-Miami, first brought the matter to the House's attention, comparing the bill to the state constitution's provision.

"This bill diverts those (retirement) funds," Roberts said, "and that's unconstitutional."

Rep. Howard Cotner, D-Altus, who moved from his usual speaking place at the side of his desk to the podium at the front of the House chamber, said the bill was an unconstitutional effort to divert the judicial retirement funds.

"It's not a unique thing to say we're violating the constitution," Cotner said. "We've done it time and time and time again whenever this body decided it wanted to help certain people. I really don't expect this to change your mind, but it's wrong, wrong, wrong."

Rep. Bill Settle, D-Muskogee, said it was court fees, not retirement contributions, that would be used for the plan.

"All this bill is saying is that once the retirement system's funding is at a certain that the court fees don't have to be remitted," Settle said.

He was supported in that view by Rep. Loyd Benson, D-Frederick, who authored much of the language in State Question 645.

"To say this would divert funds is inaccurate," Benson said. "The intent of this piece of legislation is to use the money generated by the court for the court system."

Rep. Dwayne Steidley, D-Claremore and the House author of the bill agreed, comparing the points of disagreement to a glass of water:

"The constitution describes what you do with the water once it's in the glass," he said, "but this bill is different, telling us how to put the water in the glass."

"It's not wrong and it's not bad management."

SPEED LIMIT BILL PASSES SENATE

By Brandon Beard
Staff Writer

■ (GIT) The long-awaited measure aimed at finalizing Oklahoma's speed limits passed the Senate Friday. Until now, legislators had been meeting on the bill, trying to iron out how fast Oklahoma motorists would be allowed to drive.

SB685, by Sen. Keith Leftwich, D-Oklahoma City, sets speed limits at 75 mph on turnpikes and rural segments of the state's intestates, as designated by the Transportation Commission. Two-lane superhighways and four-lane divided highways are also set at 75 mph. Other highways are set at 65 mph.

The bill also set speed limits on unmarked county roads at 55 mph, unless otherwise posted by the county. There was some concern that the cost of posting signs would be difficult for many counties to bear.

Counties are allowed to place signs at county line markers stating the maximum speeds within that county unless otherwise posted.

"This is something that the governor, the secretary of transportation and Sen. Stipe (Chairman of the Senate Transportation Committee) have all agreed on," Leftwich said Friday.

The bill also addresses an issue addressed in an earlier bill by Sen. Frank Shurden, D-Henryetta, regarding speed traps on state highways.

Under the measure, law enforcement officials will have authority over portions of federal aid primary highways located on the outskirts and within the boundaries of any municipality.

The bill clarifies that such authority is

See *Speed Limit*, page 4