



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB2516

Introduced 1/18/2006, by Sen. Gary Forby

SYNOPSIS AS INTRODUCED:

225 ILCS 728/5
225 ILCS 728/10
225 ILCS 728/15
225 ILCS 728/27 new
225 ILCS 728/30
225 ILCS 728/35
225 ILCS 728/45
30 ILCS 105/5.482 rep.
225 ILCS 728/25 rep.

Amends the Illinois Petroleum Education and Marketing Act. Abolishes the Petroleum Resources Revolving Fund and grants the Board the power to receive and administer all assessments, donations, grants, contributions, and gifts received by the Board pursuant to the Act and to deposit them into accounts maintained by the Board. Provides that the assessment levied on the interest owner to fund the activities of the Board shall be remitted to the Board (instead of the Department of Revenue). Makes other changes. Repeals a Section creating the Petroleum Resource Revolving Fund. Amends the State Finance Act to make a corresponding change. Effective immediately.

LRB094 18927 RAS 54375 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning regulation.

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

4 Section 5. The Illinois Petroleum Education and Marketing
5 Act is amended by changing Sections 5, 10, 15, 30, 35, and 45
6 and by adding Section 27 as follows:

7 (225 ILCS 728/5)

8 (Section scheduled to be repealed on January 1, 2008)

9 Sec. 5. Definitions. As used in this Act:

10 "Board" means the Illinois Petroleum Resources Board.

11 "Department" means the Illinois Department of Natural
12 Resources.

13 "First purchaser" means any person who buys Illinois crude
14 oil or Illinois gas.

15 "Interest owner" means a person who owns or possesses an
16 interest in the gross production of oil or gas produced from a
17 well in Illinois.

18 "Person" means an individual, group of individuals,
19 partnership, corporation, association, limited liability
20 company, cooperative, or any other entity or an employee of the
21 entity.

22 "Producer" means a person who produces oil and gas or who
23 derives a majority of his or her oil and gas income from
24 working interest.

25 "Qualified producer association" means an entity that is
26 organized and operating within the State and that represents
27 oil and gas producers on a Statewide basis.

28 (Source: P.A. 92-610, eff. 7-1-02.)

29 (225 ILCS 728/10)

30 (Section scheduled to be repealed on January 1, 2008)

31 Sec. 10. Illinois Petroleum Resources Board.

1 (a) There is hereby created until January 1, 2015 ~~2008~~, the
2 Illinois Petroleum Resources Board which shall be subject to
3 the provisions of the Regulatory Sunset Act. The purpose of the
4 Board is to coordinate a program designed to demonstrate to the
5 general public the importance of the Illinois oil exploration
6 and production industry, to encourage the wise and efficient
7 use of energy, to promote environmentally sound production
8 methods and technologies, to develop existing supplies of State
9 oil resources, and to support research and educational
10 activities concerning the oil exploration and production
11 industry.

12 (b) The Board shall be composed of 12 members to be
13 appointed by the Governor. The Governor shall make appointments
14 from a list of names submitted by qualified producer
15 associations, of which 10 shall be oil and gas producers.

16 (c) A member of the Board shall:

17 (1) be at least 25 years of age;

18 (2) be a resident of the State of Illinois; and

19 (3) have at least 5 years of active experience in the
20 oil industry.

21 (d) Members shall serve for a term of 3 years, except that
22 of the initial appointments, 4 members shall serve for one
23 year, 4 members for 2 years, and 4 members for 3 years.

24 (e) Vacancies shall be filled for the unexpired term of
25 office in the same manner as the original appointment.

26 (f) The Board shall, at its first meeting, elect one of its
27 members as chairperson, who shall preside over meetings of the
28 Board and perform other duties that may be required by the
29 Board. The first meeting of the Board shall be called by the
30 Governor.

31 (g) No member of the Board shall receive a salary or
32 reimbursement for duties performed as a member of the Board,
33 except that members are eligible to receive reimbursement for
34 travel expenses incurred in the performance of Board duties.

35 (Source: P.A. 92-610, eff. 7-1-02; 92-651, eff. 7-11-02;
36 revised 8-12-02.)

1 (225 ILCS 728/15)

2 (Section scheduled to be repealed on January 1, 2008)

3 Sec. 15. Board powers and duties. The Board shall have the
4 following powers and duties:

5 (1) To administer and enforce the provisions of this
6 Act.

7 (2) To establish an office for the Board within the
8 State of Illinois.

9 (3) To elect a chairperson and any other officers that
10 may be necessary to direct the operations of the Board.

11 (4) To employ personnel as shall be deemed necessary to
12 carry out the purpose and provisions of this Act and to
13 prescribe their duties and fix their compensation.

14 (5) To receive and administer all assessments,
15 donations, grants, contributions, and gifts received by
16 the Board pursuant to this Act and to deposit them into
17 accounts maintained by the Board ~~the Petroleum Resources~~
18 ~~Revolving Fund.~~

19 (6) To annually establish priorities and approve a
20 prepared ~~or disapprove the~~ budget consistent with
21 estimated resources ~~of the Board.~~

22 (7) To adopt rules as it deems necessary to carry out
23 the provisions of this Act.

24 (8) To enter into contracts or agreements for studies,
25 research projects, experimental work, supplies, or other
26 services to carry out the purposes of this Act and to incur
27 those expenses necessary to carry out those purposes. A
28 contract or agreement entered into under this item shall
29 provide that:

30 (A) the person entering the contract or agreement
31 on behalf of the Board shall develop and submit to the
32 Board a plan or project together with a budget that
33 shows estimated costs to be incurred for the plan or
34 project; and

35 (B) the person entering the contract or agreement

1 shall keep accurate records of all of its transactions,
2 account for funds received and expended, and make
3 periodic reports to the Board of activities conducted
4 and other reports that the Board may require.

5 (9) To keep accurate records of all financial
6 transactions performed pursuant to this Act. These records
7 shall be audited annually by an independent auditor who is
8 a certified public accountant and has been selected by the
9 Board and an annual report shall be compiled and made
10 available to any interest owner and filed with the
11 Department ~~presented to the Governor.~~

12 (10) To cooperate with any private, local, state, or
13 national commission, organization, agency, or group and to
14 make contracts and agreements for joint programs
15 beneficial to the oil and gas industry.

16 (11) To accept donations, grants, contributions, and
17 gifts from any public or private source and deposit them
18 into accounts maintained by the Board ~~the Petroleum~~
19 ~~Resources Revolving Fund.~~

20 (12) To keep an accurate record of all assessments
21 collected.

22 (Source: P.A. 90-614, eff. 7-10-98.)

23 (225 ILCS 728/27 new)

24 Sec. 27. Petroleum Resources Revolving Fund abolished;
25 moneys and assets transferred to Board. On June 30, 2006, the
26 Petroleum Resources Revolving Fund shall be abolished. Any
27 balance remaining in the Fund, including interest that has
28 accrued, shall be transferred to the Board for its authorized
29 use. All moneys received from assessments and collected
30 pursuant to Section 30 of this Act and all donations, grants,
31 contributions, other assets, and gifts received from any public
32 or private source on or after June 30, 2006 shall be paid and
33 distributed to the Board. All payments and distributions owed
34 to the Fund shall be made to the Board within 60 days after the
35 abolishment of the Fund.

1 (225 ILCS 728/30)

2 (Section scheduled to be repealed on January 1, 2008)

3 Sec. 30. Assessment on oil and gas production.

4 (a) To fund the activities of the Illinois Petroleum
5 Resources Board, an assessment shall be levied in the amount of
6 one-tenth of 1% of gross revenues of oil and gas produced from
7 each well in the State of Illinois.

8 (b) The assessment levied by subsection (a) of this Section
9 shall be deducted from the proceeds of production and collected
10 by the first purchaser. The assessment, which is imposed on the
11 interest owner, shall be remitted to the Board ~~Department of~~
12 ~~Revenue~~ by the first purchaser on an assessment form provided
13 by the Board, along with any other requested production records
14 in compliance with assessment payments and enforcement
15 provisions of this Act and rules adopted by the Board. The
16 remittance and specified data shall be delivered to the Board
17 no later than the 15th day of each month following the end of
18 the month in which the assessment was collected. The Board
19 shall deposit the assessment into accounts, operating or
20 reserve, to be used as authorized by this Act ~~a tax return~~
21 ~~filed no later than the 15th day of each month following the~~
22 ~~end of the month in which the assessment was collected. To~~
23 ~~defray the costs of receiving and depositing the assessments~~
24 ~~levied by this Section, the Department of Revenue shall retain~~
25 ~~\$750 per month of the assessments received for deposit into the~~
26 ~~Tax Compliance and Administration Fund. The remaining moneys~~
27 ~~received by the Department of Revenue pursuant to this Section~~
28 ~~shall be deposited into the Illinois Petroleum Resources~~
29 ~~Revolving Fund.~~

30 (c) The Board shall be responsible for taking appropriate
31 legal actions to collect any assessment which is not paid or is
32 not properly paid.

33 (Source: P.A. 92-610, eff. 7-1-02.)

34 (225 ILCS 728/35)

1 (Section scheduled to be repealed on January 1, 2008)

2 Sec. 35. Refunds.

3 (a) Any person subject to the assessment levied by Section
4 30 of this Act may request a refund as provided in this Section
5 of the assessment paid on production for the preceding calendar
6 year. Upon compliance with the provisions of this Section and
7 rules adopted by the Board to implement this Section, the Board
8 shall refund to each person requesting a refund the amount of
9 the assessment paid by or on behalf of the person during the
10 preceding calendar year. Refunds made to producers will include
11 interest earned at the rate equal to the average United States
12 Treasury bill rate of the preceding calendar year as documented
13 from government sources ~~certified by the State Treasurer.~~

14 (b) The request for a refund of the assessment paid on
15 production for the preceding calendar year must be made during
16 the first 3 calendar months following the calendar year for
17 which the refund is requested. Failure to request a refund
18 during this period shall terminate the right of any person to
19 receive a refund for the assessment paid on production for the
20 preceding calendar year. The Board shall give notice of the
21 availability of the refund through press releases or another
22 means it deems appropriate.

23 (c) Each person requesting a refund shall execute an
24 affidavit showing the amount of refund requested and
25 demonstrating that the affiant was the interest owner of the
26 production for which the refund is requested. The Board may
27 verify the accuracy of the request for refund.

28 (d) No entity or person requesting a refund under this
29 Section shall be eligible to serve or have a representative
30 serve as a member of the Board.

31 (Source: P.A. 92-610, eff. 7-1-02.)

32 (225 ILCS 728/45)

33 (Section scheduled to be repealed on January 1, 2008)

34 Sec. 45. Use of funds.

35 (a) All interest earned on moneys received by the Board

1 ~~shall be the property of the Board in the Petroleum Resources~~
2 ~~Revolving Fund shall remain in the Fund.~~

3 (b) The Board shall not utilize any funds collected under
4 Section 30 of this Act for the purpose of influencing
5 government action or policy, with the exception of recommending
6 amendments to this Act.

7 (Source: P.A. 90-614, eff. 7-10-98.)

8 (30 ILCS 105/5.482 rep.)

9 Section 90. The State Finance Act is amended by repealing
10 Section 5.482.

11 (225 ILCS 728/25 rep.)

12 Section 95. The Illinois Petroleum Education and Marketing
13 Act is amended by repealing Section 25.

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.