

Brown: Producing for Oklahoma

Guest article originally published in [The Journal Record on Oct. 24, 2014.](#)

Click to see [Elizabeth K. Brown's attorney profile](#)



Elizabeth K. Brown's practice is focused at a strategic level on serving her clients as outside counsel where she assists privately held companies in managing the many legal issues that arise in running a business.

A vibrant and growing oil and natural gas industry is paying dividends for Oklahoma, the most recent example being the increased payments to the state's General Revenue Fund from taxes on the oil and natural gas industry.

Gross collections to the General Revenue Fund increased during the third quarter, up by almost 10 percent from the previous year. A significant portion of that increase came from the state's gross production tax on oil and natural gas production, which saw a 33.4-percent growth compared with the year before.

The General Revenue Fund is the key indicator of state government's fiscal status and the predominant funding source for the annual state budget. Collections, reported by the Office of Management and Enterprise Services, are revenues that remain for the appropriated state budget after rebates, refunds and mandatory apportionments.

The growth of receipts from the state's gross production tax is an important benchmark because Oklahoma's oil and natural gas industry remains a critical component of the fiscal stability for both state and local governments. The Oklahoma Energy Resources Board's May 2012 Oklahoma's Oil and Natural Gas Industry Economic Impact and Jobs Report shows the industry, as a whole, accounts for approximately 25 percent of all taxes paid in the state.

The greatest single benefactor of direct apportionments of gross production tax revenues is the state's education system. Data from the most recent OERB report released in September shows the oil and natural gas industry accounted for more than \$325 million to local school districts across the state. Another \$150 million was allocated to the Oklahoma Student Aid Revolving Fund, the Higher Education Capital Fund and the Common Education Technology Fund.

To put that in perspective, take the northern Oklahoma community of Alva. In the heart of the Mississippi Lime, the Class 2A school district received \$3.7 million in state funding for the 2012-13 school year. Of that, \$2.1 million came directly from the oil and natural gas industry.

This state's oil and natural gas industry is producing for Oklahoma. A growing oil and natural gas industry means increased funding for Oklahoma's students and ensures future generations can continue producing for Oklahoma.