

AN ACT

relating to land services performed by a landman.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 954, Occupations Code, is amended to read as follows:

CHAPTER 954. LAND SERVICES FOR PETROLEUM, [AND] MINERAL, AND OTHER ENERGY SOURCES [~~LAND SERVICES~~]

Sec. 954.001. DEFINITIONS. In this chapter:

(1) "Land services":

(A) means the performance or supervision of one or more of the following activities:

(i) negotiating the acquisition or divestiture of mineral rights or rights associated with other energy sources;

(ii) negotiating business agreements or easements to provide for the exploration for or development of minerals or other energy sources;

(iii) ascertaining ownership in mineral rights or rights associated with other energy sources and related real property through the research of public and private records;

(iv) reviewing the status of title, curing title defects, providing title due diligence, and otherwise reducing title risk associated with the ownership, acquisition, or divestiture of mineral rights, property associated with minerals,

1 or rights associated with other energy sources, excluding:

2 (a) administrative functions;

3 (b) division order functions; and

4 (c) lease analyst functions;

5 (v) managing rights or obligations derived
6 from ownership of interests in minerals or rights associated with
7 other energy sources; or

8 (vi) using or pooling mineral interests or
9 rights associated with other energy sources; and

10 (B) does not include determining, examining, or
11 reviewing the status of title in connection with transactions that
12 are primarily for:

13 (i) the sale, purchase, or encumbrance of
14 the surface of the land unassociated with mineral rights or other
15 energy sources; or

16 (ii) the mortgage of real property used or
17 intended to be used primarily for residential purposes.

18 (2) "Mineral" has the meaning assigned by Section
19 75.001, Property Code. The term includes oil, gas, related
20 hydrocarbons, coal, lignite, uranium, and substances classified as
21 base, industrial, precious, or strategic minerals.

22 (3) "Other energy source" means a natural resource
23 other than a mineral that is necessary to produce energy, including
24 geothermal, hydroelectric, nuclear, solar, and wind energy.

25 Sec. 954.002. EXCEPTION TO PRACTICE OF LAW. For the
26 purposes of the definition in Section 81.101, Government Code, the
27 "practice of law" does not include engaging in land services [~~acts~~

1 ~~relating to the lease, purchase, sale, or transfer of a mineral or~~
2 ~~mining interest in real property or an easement or other interest~~
3 ~~associated with a mineral or mining interest in real property]~~ if:

4 (1) the acts are performed by a person who does not
5 hold the person out as an attorney licensed to practice law in this
6 state or in another jurisdiction; and

7 (2) the person is not a licensed attorney.

8 SECTION 2. Section [1702.324\(a\)](#), Occupations Code, is
9 amended to read as follows:

10 (a) For the purposes of this section, "landman" means an
11 individual who, in the course and scope of the individual's
12 business:

13 (1) acquires, divests, or manages petroleum or mineral
14 interests; ~~or~~

15 (2) performs title or contract functions related to
16 the exploration, exploitation, or disposition of petroleum or
17 mineral interests; or

18 (3) otherwise engages in land services as defined by
19 Section [954.001](#).

20 SECTION 3. Section [171.1011\(g-11\)](#), Tax Code, is amended to
21 read as follows:

22 (g-11) A taxable entity that is primarily engaged in the
23 business of performing landman services shall exclude from its
24 total revenue, to the extent included under Subsection (c)(1)(A),
25 (c)(2)(A), or (c)(3), subcontracting payments made by the taxable
26 entity to nonemployees for the performance of landman services on
27 behalf of the taxable entity. In this subsection, "landman

1 services" means:

2 (1) performing title searches for the purpose of
3 determining ownership of or curing title defects related to oil,
4 gas, other energy sources, or other related mineral or petroleum
5 interests;

6 (2) negotiating the acquisition or divestiture of
7 mineral rights for the purpose of the exploration, development, or
8 production of oil, gas, other energy sources, or other related
9 mineral or petroleum interests; or

10 (3) negotiating or managing the negotiation of
11 contracts or other agreements related to the ownership of mineral
12 interests for the exploration, exploitation, disposition,
13 development, or production of oil, gas, other energy sources, or
14 other related mineral or petroleum interests.

15 SECTION 4. The change in law made by this Act to Section
16 [171.1011\(g-11\)](#), Tax Code, applies only to a report originally due
17 on or after January 1, 2024.

18 SECTION 5. (a) Except as provided by Subsection (b) of this
19 section, this Act takes effect:

20 (1) immediately if this Act receives a vote of
21 two-thirds of all the members elected to each house, as provided by
22 Section [39](#), Article III, Texas Constitution; or

23 (2) September 1, 2023, if this Act does not receive the
24 vote necessary for immediate effect.

25 (b) Section [171.1011\(g-11\)](#), Tax Code, as amended by this
26 Act, takes effect January 1, 2024.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 604 passed the Senate on April 12, 2023, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 11, 2023, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 604 passed the House, with amendment, on May 8, 2023, by the following vote: Yeas 129, Nays 13, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor