

1-1 By: King S.B. No. 604  
 1-2 (In the Senate - Filed January 25, 2023; February 17, 2023,  
 1-3 read first time and referred to Committee on Natural Resources &  
 1-4 Economic Development; April 4, 2023, reported adversely, with  
 1-5 favorable Committee Substitute by the following vote: Yeas 8,  
 1-6 Nays 0; April 4, 2023, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15			X	
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 604 By: Zaffirini

1-19 A BILL TO BE ENTITLED  
 1-20 AN ACT

1-21 relating to land services performed by a landman.  
 1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
 1-23 SECTION 1. Chapter 954, Occupations Code, is amended to  
 1-24 read as follows:  
 1-25 CHAPTER 954. LAND SERVICES FOR PETROLEUM, [AND] MINERAL, AND OTHER  
 1-26 ENERGY SOURCES [LAND SERVICES]  
 1-27 Sec. 954.001. DEFINITIONS. In this chapter:  
 1-28 (1) "Land services" means the performance or  
 1-29 supervision of one or more of the following activities:  
 1-30 (A) negotiating the acquisition or divestiture  
 1-31 of mineral rights or rights associated with other energy sources;  
 1-32 (B) negotiating business agreements that provide  
 1-33 for the exploration for or development of minerals or other energy  
 1-34 sources;  
 1-35 (C) ascertaining ownership in mineral rights or  
 1-36 rights associated with other energy sources and related real  
 1-37 property through the research of public and private records;  
 1-38 (D) reviewing the status of title, curing title  
 1-39 defects, providing title due diligence, and otherwise reducing  
 1-40 title risk associated with the ownership, acquisition, or  
 1-41 divestiture of mineral rights, property associated with minerals,  
 1-42 or rights associated with other energy sources, excluding:  
 1-43 (i) administrative functions;  
 1-44 (ii) division order functions; and  
 1-45 (iii) lease analyst functions;  
 1-46 (E) managing rights or obligations derived from  
 1-47 ownership of interests in minerals or rights associated with other  
 1-48 energy sources; or  
 1-49 (F) using or pooling mineral interests or rights  
 1-50 associated with other energy sources.  
 1-51 (2) "Mineral" has the meaning assigned by Section  
 1-52 75.001, Property Code. The term includes oil, gas, related  
 1-53 hydrocarbons, coal, lignite, uranium, and substances classified as  
 1-54 base, industrial, precious, or strategic minerals.  
 1-55 (3) "Other energy source" means a natural resource  
 1-56 other than a mineral that is necessary to produce energy, including  
 1-57 geothermal, hydroelectric, nuclear, solar, and wind energy.  
 1-58 Sec. 954.002. EXCEPTION TO PRACTICE OF LAW. For the  
 1-59 purposes of the definition in Section 81.101, Government Code, the  
 1-60 "practice of law" does not include engaging in land services [acts

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

2-4 (1) the acts are performed by a person who does not  
2-5 hold the person out as an attorney licensed to practice law in this  
2-6 state or in another jurisdiction; and

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

2-8 SECTION 2. Section 1101.005, Occupations Code, is amended  
2-9 to read as follows:

2-10 Sec. 1101.005. APPLICABILITY OF CHAPTER. This chapter  
2-11 does not apply to:

2-12 (1) an attorney licensed in this state;

2-13 (2) an attorney-in-fact authorized under a power of  
2-14 attorney to conduct not more than three real estate transactions  
2-15 annually;

2-16 (3) a public official while engaged in official  
2-17 duties;

2-18 (4) an auctioneer licensed under Chapter 1802 while  
2-19 conducting the sale of real estate by auction if the auctioneer does  
2-20 not perform another act of a broker;

2-21 (5) a person conducting a real estate transaction  
2-22 under a court order or the authority of a will or written trust  
2-23 instrument;

2-24 (6) a person employed by an owner in the sale of  
2-25 structures and land on which structures are located if the  
2-26 structures are erected by the owner in the course of the owner's  
2-27 business;

2-28 (7) an on-site manager of an apartment complex;

2-29 (8) an owner or the owner's employee who leases the  
2-30 owner's improved or unimproved real estate; or

2-31 (9) a transaction involving:

2-32 (A) the sale, lease, or transfer of a mineral or  
2-33 mining interest in real property;

2-34 (B) the sale, lease, or transfer of a cemetery  
2-35 lot;

2-36 (C) the lease or management of a hotel or motel;  
2-37 [~~or~~]

2-38 (D) the sale of real property under a power of  
2-39 sale conferred by a deed of trust or other contract lien; or

2-40 (E) the sale, lease, or transfer of an interest  
2-41 in real property relating to another energy source, as defined by  
2-42 Section 954.001.

2-43 SECTION 3. Section 1702.324(a), Occupations Code, is  
2-44 amended to read as follows:

2-45 (a) For the purposes of this section, "landman" means an  
2-46 individual who, in the course and scope of the individual's  
2-47 business:

2-48 (1) acquires, divests, or manages petroleum or mineral  
2-49 interests; [~~or~~]

2-50 (2) performs title or contract functions related to  
2-51 the exploration, exploitation, or disposition of petroleum or  
2-52 mineral interests; or

2-53 (3) otherwise engages in land services as defined by  
2-54 Section 954.001.

2-55 SECTION 4. Section 171.1011(g-11), Tax Code, is amended to  
2-56 read as follows:

2-57 (g-11) A taxable entity that is primarily engaged in the  
2-58 business of performing landman services shall exclude from its  
2-59 total revenue, to the extent included under Subsection (c)(1)(A),  
2-60 (c)(2)(A), or (c)(3), subcontracting payments made by the taxable  
2-61 entity to nonemployees for the performance of landman services on  
2-62 behalf of the taxable entity. In this subsection, "landman  
2-63 services" means:

2-64 (1) performing title searches for the purpose of  
2-65 determining ownership of or curing title defects related to oil,  
2-66 gas, other energy sources, or other related mineral or petroleum  
2-67 interests;

2-68 (2) negotiating the acquisition or divestiture of  
2-69 mineral rights for the purpose of the exploration, development, or

3-1 production of oil, gas, other energy sources, or other related  
3-2 mineral or petroleum interests; or

3-3 (3) negotiating or managing the negotiation of  
3-4 contracts or other agreements related to the ownership of mineral  
3-5 interests for the exploration, exploitation, disposition,  
3-6 development, or production of oil, gas, other energy sources, or  
3-7 other related mineral or petroleum interests.

3-8 SECTION 5. The change in law made by this Act to Section  
3-9 [171.1011](#)(g-11), Tax Code, applies only to a report originally due  
3-10 on or after January 1, 2024.

3-11 SECTION 6. (a) Except as provided by Subsection (b) of this  
3-12 section, this Act takes effect:

3-13 (1) immediately if this Act receives a vote of  
3-14 two-thirds of all the members elected to each house, as provided by  
3-15 Section [39](#), Article III, Texas Constitution; or

3-16 (2) September 1, 2023, if this Act does not receive the  
3-17 vote necessary for immediate effect.

3-18 (b) Section [171.1011](#)(g-11), Tax Code, as amended by this  
3-19 Act, takes effect January 1, 2024.

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