

Amend CSHB 5 (House Committee Printing) as follows:

(1) Insert a new SECTION 5 to read as follows and renumber subsequent SECTIONS accordingly:

"SECTION 5. Subtitle E, Title 2, Tax Code, is amended by adding Chapter 162 to read as follows:

CHAPTER 162. COAL TAX

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 162.001. DEFINITIONS. In this chapter:

(1) "Coal" includes lignite.

(2) "Lignite" means coal commonly referred to as brown coal, of intermediate grade between peat and bituminous coal.

(3) "Use" includes storage for use in this state, but does not include:

(A) the use by a producer of coal who owns the coal in place and who produces the coal for the producer's own use;
or

(B) the storage for use or shipment out of this state.

[Sections 162.002-162.020 reserved for expansion]

SUBCHAPTER B. IMPOSITION AND COLLECTION OF TAX

Sec. 162.021. TAX IMPOSED. (a) A tax is imposed on the purchase in this state of coal for use in this state.

(b) A tax is imposed on the use of coal in this state.

Sec. 162.022. RATE OF TAX. The rate of the taxes imposed by this chapter is 15 percent of the total price paid for the coal, without regard to where the purchase occurs, delivered at the site at which the coal will be used, including transportation costs to that site.

Sec. 162.023. USE TAX DEDUCTION. A person may deduct from the amount of tax otherwise imposed by Section 162.021(b) the amount of tax reported and paid under Section 162.021(a).

Sec. 162.024. PAYMENT OF TAX. On or before the 25th day of each month, each person on whom a tax is imposed by this chapter shall send to the comptroller the amount of tax due under this chapter for the preceding month.

Sec. 162.025. REPORTS. On or before the 25th day of each month, each person on whom a tax is imposed by this chapter shall

file with the comptroller a report stating:

- (1) the amount of coal purchased by the person for use in this state and used in this state during the preceding month;
- (2) the total price of that coal; and
- (3) any other information required by the comptroller.

Sec. 162.026. RECORDS. A person on whom a tax is imposed by this chapter shall keep a complete record of:

- (1) the amount of coal purchased by the person for use in this state;
- (2) the use of coal in this state by the person; and
- (3) any other information required by the comptroller.

[Sections 162.027-162.050 reserved for expansion]

SUBCHAPTER C. PENALTIES AND OFFENSES

Sec. 162.051. INTEREST ON DELINQUENT TAX. A tax imposed by this chapter that is delinquent draws interest as provided by Section 111.060.

Sec. 162.052. PENALTY. (a) A person on whom a tax is imposed by this chapter and who fails to file a report as required by this chapter or does not pay the tax when it is due forfeits to the state a penalty of 12 percent of the amount of tax delinquent.

(b) If a report required by this chapter is not filed or a tax imposed by this chapter is not paid within 30 days after it is due, the person on whom the tax is imposed forfeits to the state a penalty of an additional 12 percent of the amount of tax delinquent.

(c) The minimum penalty under this section is \$1.

Sec. 162.053. CRIMINAL PENALTY. (a) A person who violates this chapter commits an offense.

(b) An offense under this section is a Class C misdemeanor.

[Sections 162.054 -162.070 reserved for expansion]

SUBCHAPTER D. ALLOCATION AND USE

Sec. 162.071. ALLOCATION OF TAX REVENUE. All of the revenue from the tax imposed by this chapter shall be deposited to the credit of the foundation school fund."

(2) Insert a new SECTION 6 to read as follows and renumber subsequent SECTIONS accordingly:

"SECTION 6. Section 201.001, Tax Code, is amended to read as follows:

Sec. 201.001. In this chapter:

(1) "Casinghead gas" means gas or vapor indigenous to an oil stratum and produced from the stratum with oil.

(2) "Commission approved co-production project" means a reservoir development project in which the commission has recognized that water withdrawals from an oil or gas reservoir in excess of specified minimum volumes will result in recovery of additional oil and/or gas from the reservoir that would not be produced by conventional production methods and where operators of wells completed in the reservoir have begun to implement commission requirements to withdraw such volumes of water and dispose of such water outside the subject reservoir. Reservoirs potentially eligible for this designation shall be limited to those reservoirs in which oil and/or gas has been bypassed by water encroachment caused by production from the reservoir and such bypassed oil and/or gas may be produced as a result of reservoir-wide high-volume water withdrawals of natural formation water.

(3) "Co-production" means the permanent removal of water from an oil and/or gas reservoir in an effort to lower the gas-water contact or oil-water contact in the reservoir or to reduce reservoir pressure to recover entrained hydrocarbons from the reservoir that would not be produced by conventional primary or secondary production methods.

(4) "Condensate" means liquid hydrocarbon that is or can be recovered from gas by a separator, but does not include liquid hydrocarbon recovered from gas by refrigeration or absorption and separated by a fractionating process.

(4) [~~(3)~~] "First purchaser" means a person who purchases gas from a producer.

(5) [~~(4)~~] "Gas" means natural gas, casinghead gas, or other gas taken from the earth or water, whether produced from a gas well or a well also producing oil, distillate or condensate or both, or other products.

(6) "High-cost gas" means:

(A) high-cost natural gas as described by Section 107, Natural Gas Policy Act of 1978 (15 U.S.C. Section 3317), as that section exists on January 1, 1989, without regard to whether

that section is in effect or whether a determination has been made
that the gas is high-cost natural gas for purposes of that Act; or
(B) all gas produced from oil wells or gas wells
within a