

BILL ANALYSIS

H.B. 2301
By: Jones, Elizabeth
Energy Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

House Bill 2301 will maximize the assessment and collection of the regulatory fee on crude petroleum and Natural Gas production that is deposited into the Oil Field Cleanup Fund. The fee currently is 5/8th of 1 cent on a barrel of oil and 1/15th of 1 cent for each 1000 cubic feet (mcf) of natural gas produced. This fee is collected in addition to severance taxes on crude petroleum and natural gas.

If certain types of crude oil or natural gas production are exempt from severance taxes the regulatory fee is not collected and revenues accrued to the Oil Field Cleanup Fund are proportionally reduced. One example is the natural gas produced from tight formations. Such gas is exempt from a severance tax, and since the Oil Field Cleanup Fund regulatory fees are administered in the same tax code, this production is also exempt from the regulatory fee.

Amending the applicable statutes to apply the regulatory fee to all crude petroleum and natural gas produced in Texas regardless of the imposition of severance taxes will maximize the accrual of the regulatory fee into the fund.

House Bill 2301 was part of the package of recommendations from the Oil Field Cleanup Advisory Committee in their Report to State Leadership as part of an effort to strengthen the fund.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. (b) Stipulates that the fee is independent of any liability for the taxes imposed under section 81.111 of the Natural Resources Code and Chapter 202 of the Tax Code.

(d)The fee imposed in section is not affected by tax exemptions and reductions set out in Sections 202.052, 202.054, 202.056, 202.057 and 202.059 of the Tax Code.

SECTION 2 (b) Stipulates that the fee is independent of any liability for the taxes imposed under Section 201.052 of the Tax Code.

(d)The fee imposed in section is not affected by tax exemptions and reductions set out in Sections 201.053, 201.057 and 201.058 of the Tax Code.

EFFECTIVE DATE

This Act takes effect September 1, 2003.