

By: West

H.B. No. 125

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the ad valorem tax situs of certain portable drilling
3 rigs.

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

5 SECTION 1. Section 21.02, Tax Code, is amended by amending
6 Subsection (a) and adding Subsection (e) to read as follows:

7 (a) Except as provided by Subsections [~~Subsection~~] (b) and
8 (e) and by Sections 21.021, 21.04, and 21.05, tangible personal
9 property is taxable by a taxing unit if:

10 (1) it is located in the unit on January 1 for more
11 than a temporary period;

12 (2) it normally is located in the unit, even though it
13 is outside the unit on January 1, if it is outside the unit only
14 temporarily;

15 (3) it normally is returned to the unit between uses
16 elsewhere and is not located in any one place for more than a
17 temporary period; or

18 (4) the owner resides (for property not used for
19 business purposes) or maintains the owner's [~~his~~] principal place
20 of business in this state (for property used for business purposes)
21 in the unit and the property is taxable in this state but does not
22 have a taxable situs pursuant to Subdivisions (1) through (3) of
23 this section.

24 (e) In this subsection, "portable drilling rig" includes

1 equipment associated with the drilling rig. A portable drilling
2 rig designed for land-based oil or gas drilling or exploration
3 operations is taxable by the taxing unit in which the rig is located
4 on January 1 if the rig was located in the appraisal district that
5 appraises property for the unit for the preceding 365 consecutive
6 days. If the drilling rig was not located in the appraisal district
7 where it is located on January 1 for the preceding 365 days, it is
8 taxable by the taxing unit in which the owner's principal place of
9 business in this state is located on January 1.

10 SECTION 2. Section 21.02, Tax Code, as amended by this Act,
11 applies only to the taxable situs of property for an ad valorem tax
12 year that begins on or after January 1, 2007.

13 SECTION 3. This Act takes effect January 1, 2007.