BILL ANALYSIS

Senate Research Center

H.B. 913
By: King, Phil et al. (Estes)
Finance
5/15/2007
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 3, enacted by the 79th Legislature, 3rd Called Session, 2006, changed the Tax Code to state that portable drilling rigs must be located in a county for 365 consecutive days, or they would be taxed in the county in which the company that owned them was based. Because of this change, counties in the Barnett Shale lost tax revenue. Historically, most drilling companies are based in the Panhandle Region of the state or in the Houston area. With gas exploration currently taking place in the Barnett Shale region, portable drilling rigs come and go often and are often in the region for the better part of a the year. With the change in H.B. 3, if they are in a county in the Barnett Shale region for 364 days and moved on the 365th day, that county would lose that tax revenue.

H.B. 913 changes the Tax Code to assist counties in the acquisition of tax revenue from portable drilling rigs being used in those counties.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 21.02(e), Tax Code, as follows:

> (e) Redefines "portable drilling rig." Provides that, if the drilling rig was not located in the appraisal district on January 1 for the preceding 365 days, it is taxable by each taxing unit in which the owner's principal place of business in this state is located on January 1, unless the owner renders the rig under Chapter 22 (Renditions And Other Reports) to the appraisal district in which the rig is located on January 1, in which event the rig is taxable by each taxing unit in which the rig is located on January 1. Provides that all the owner's portable drilling rigs are taxable by the taxing units in which each rig is located on January 1, if an owner elects to render any portable drilling rig to the appraisal district in which the rig is located on January 1 when the rig otherwise would be taxable at the owner's principal place of business in this state. Provides that, notwithstanding any other provision of this subsection, if the owner of a portable drilling rig does not have a place of business in this state, the rig is taxable by each taxing unit in which the rig is located on January 1.

SECTION 2. Makes application of this Act prospective to a tax year that begins on or after the effective date of this Act.

SECTION 3. Effective date: January 1, 2008.