

By: Farabee

H.B. No. 2240

Substitute the following for H.B. No. 2240:

By: Otto

C.S.H.B. No. 2240

A BILL TO BE ENTITLED

AN ACT

1
2 relating to severance tax credits for qualifying low-producing
3 wells.

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

5 SECTION 1. Sections 201.059(b), (c), (d), and (e), Tax
6 Code, are amended to read as follows:

7 (b) Each month, the comptroller shall certify the average
8 taxable price of gas[~~, adjusted to 2005 dollars,~~] during the
9 previous three months based on various price indices available to
10 producers, including prices reported by Henry Hub, Houston Ship
11 Channel, Mississippi Barge Transport, New York Mercantile
12 Exchange, or other spot prices, as applicable. The comptroller
13 shall publish certifications under this subsection in the Texas
14 Register.

15 (c) An operator of a qualifying low-producing well is
16 entitled to a 25 percent credit on the tax otherwise due on gas
17 produced and saved from that well during a month if the average
18 taxable price of gas certified by the comptroller under Subsection
19 (b) for the previous three-month period is more than \$4.50 [~~\$3~~] per
20 mcf but not more than \$5 [~~\$3.50~~] per mcf.

21 (d) An operator of a qualifying low-producing well is
22 entitled to a 50 percent credit on the tax otherwise due on gas
23 produced and saved from that well during a month if the average
24 taxable price of gas certified by the comptroller under Subsection

1 (b) for the previous three-month period is more than \$4 [~~\$2.50~~] per
2 mcf but not more than \$4.50 [~~\$3~~] per mcf.

3 (e) An operator of a qualifying low-producing well is
4 entitled to a 100 percent credit on the tax otherwise due on gas
5 produced and saved from that well during a month if the average
6 taxable price of gas certified by the comptroller under Subsection
7 (b) for the previous three-month period is not more than \$4 [~~\$2.50~~]
8 per mcf.

9 SECTION 2. Section 202.058(a)(2), Tax Code, is amended to
10 read as follows:

11 (2) "Qualifying low-producing oil lease" means a well
12 classified as an oil well that is part of a lease whose production
13 during a 90-day period is less than:

- 14 (A) 15 barrels of oil per day of production; or
15 (B) 10 [~~five~~] percent recoverable oil per barrel
16 of produced water.

17 SECTION 3. Sections 202.058(c), (d), (e), and (f), Tax
18 Code, are amended to read as follows:

19 (c) Each month, the comptroller shall certify the average
20 taxable price of oil [~~, adjusted to 2005 dollars,~~] during the
21 previous three months based on various price indices available to
22 producers, including the reported Texas Panhandle Spot Price, West
23 Texas Intermediate Crude Spot Price, West Texas sour at 34 gravity
24 [~~New York Mercantile Exchange~~], or other spot prices, as
25 applicable. The comptroller shall publish certifications under
26 this subsection in the Texas Register.

27 (d) An operator of a qualifying low-producing lease is

1 entitled to a 25 percent credit on the tax otherwise due on oil
2 produced from that lease during a month if the average taxable price
3 of oil certified by the comptroller under Subsection (c) for the
4 previous three-month period is more than \$44 [~~\$25~~] per barrel but
5 not more than \$46 [~~\$30~~] per barrel.

6 (e) An operator of a qualifying low-producing lease is
7 entitled to a 50 percent credit on the tax otherwise due on oil
8 produced from that lease during a month if the average taxable price
9 of oil certified by the comptroller under Subsection (c) for the
10 previous three-month period is more than \$38 [~~\$22~~] per barrel but
11 not more than \$44 [~~\$25~~] per barrel.

12 (f) An operator of a qualifying low-producing lease is
13 entitled to a 100 percent credit on the tax otherwise due on oil
14 produced from that lease during a month if the average taxable price
15 of oil certified by the comptroller under Subsection (c) for the
16 previous three-month period is not more than \$38 [~~\$22~~] per barrel.

17 SECTION 4. (a) Sections 201.059(g) and 202.058(h), Tax
18 Code, are repealed.

19 (b) This section takes effect August 27, 2007.

20 SECTION 5. The change in law made by this Act does not
21 affect tax liability accruing before the effective date of this
22 Act. That liability continues in effect as if this Act had not been
23 enacted, and the former law is continued in effect for the
24 collection of taxes due and for civil and criminal enforcement of
25 the liability for those taxes.

26 SECTION 6. Except as otherwise provided by this Act, this
27 Act takes effect September 1, 2007.