

1 AN ACT

2 relating to imposition, administration, collection, and  
3 enforcement of state taxes; providing penalties.

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

5 SECTION 1. Subchapter A, Chapter 111, Tax Code, is amended  
6 by adding Section 111.0102 to read as follows:

7 Sec. 111.0102. SUIT CHALLENGING COLLECTION ACTION. Venue  
8 for and jurisdiction of a suit that challenges or is for the purpose  
9 of avoiding a comptroller collection action or state tax lien in any  
10 manner is exclusively conferred on the district courts of Travis  
11 County.

12 SECTION 2. Section 111.016, Tax Code, is amended by adding  
13 Subsections (a-1) and (b-1) to read as follows:

14 (a-1) A person is presumed to have received or collected a  
15 tax or money represented to be a tax for the purpose of this section  
16 if the person files, or causes to be filed, a tax return or report  
17 with the comptroller showing tax due. A person, including a person  
18 who is on the accrual method of accounting, may rebut this  
19 presumption by providing satisfactory documentation to the  
20 comptroller that the tax on a transaction or series of transactions  
21 was not collected. The documentation is subject to verification by  
22 the comptroller.

23 (b-1) Notwithstanding any other provision of this title, if  
24 the tax liability of a corporation, association, limited liability

1 company, limited partnership, or other legal entity with which the  
2 responsible individual was employed or associated has either not  
3 become final, is subject to tolling of limitations under Section  
4 111.207, or is the subject of a federal bankruptcy proceeding, the  
5 statute of limitations relating to the period during which the  
6 individual may be personally assessed by the comptroller is stayed  
7 until the first anniversary of the date the liability becomes final  
8 or the date the bankruptcy proceeding is closed or dismissed.

9 SECTION 3. Section 111.017, Tax Code, is amended to read as  
10 follows:

11 Sec. 111.017. SEIZURE AND SALE OF PROPERTY. (a) Before the  
12 expiration of three years after a person becomes delinquent in the  
13 payment of any amount under this title, the comptroller may seize  
14 and sell at public auction real and personal property of the person.  
15 A seizure made to collect the tax is limited only to property of the  
16 person that is not exempt from execution. Service or delivery of a  
17 notice of seizure under this section affecting property held by a  
18 financial institution in the name of or on behalf of a delinquent  
19 who is a customer of the financial institution is governed by  
20 Section 59.008, Finance Code.

21 (b) A person commits an offense if the person obstructs,  
22 hinders, impedes, or interferes with the comptroller's seizure of  
23 the property of a delinquent taxpayer in the following ways:

24 (1) trespassing on the property of a business or a  
25 business location that has been seized by the comptroller without  
26 the permission of the comptroller or the comptroller's agents;

27 (2) removing or breaking a lock on a business or

1 business location that has been seized by the comptroller without  
2 the permission of the comptroller or the comptroller's agents;

3 (3) removing or causing to be removed any inventory,  
4 equipment, or other property from a business or business location  
5 seized by the comptroller without the permission of the comptroller  
6 or the comptroller's agents;

7 (4) damaging, destroying, or defacing any inventory,  
8 equipment, or property or the business location of a delinquent  
9 taxpayer while it is under seizure by the comptroller; or

10 (5) knowingly obstructing, hindering, or impeding the  
11 comptroller or the comptroller's agents in the seizure or securing  
12 of a delinquent taxpayer's property, including the taxpayer's  
13 business location, inventory, or equipment, under this section.

14 (c) An offense under Subsection (b) is a Class A  
15 misdemeanor.

16 SECTION 4. Section 111.021, Tax Code, is amended by  
17 amending Subsection (d) and adding Subsection (f-1) to read as  
18 follows:

19 (d) On receipt of a notice given under this section, the  
20 person receiving the notice:

21 (1) within 20 days after receiving the notice shall  
22 advise the comptroller of each such asset belonging to the  
23 delinquent or person to whom an unpaid determination applies that  
24 is possessed or controlled by the person receiving the notice and of  
25 each debt owed by the person receiving the notice to the delinquent  
26 person or person to whom an unpaid determination applies; ~~and~~

27 (2) may not transfer or dispose of the asset or debt

1 possessed, controlled, or owed by the person at the time the person  
2 received the notice for a period of 60 days after receipt of the  
3 notice, unless the comptroller consents to an earlier disposal; and

4 (3) may not avoid or attempt to avoid compliance with  
5 this section by filing an interpleader action in court and  
6 depositing the delinquent's or person's funds or other assets into  
7 the registry of the court.

8 (f-1) A person who fails or refuses to comply with this  
9 section after receiving a notice of freeze or levy is liable for a  
10 penalty in an amount equal to 50 percent of the amount sought to be  
11 frozen or levied. This penalty is in addition to the liability  
12 imposed under Subsection (f). The penalty may be assessed and  
13 collected by the comptroller using any remedy available to collect  
14 other amounts under this title.

15 SECTION 5. Subchapter B, Chapter 111, Tax Code, is amended  
16 by adding Section 111.0511 to read as follows:

17 Sec. 111.0511. RESTRICTED OR CONDITIONAL PAYMENTS TO  
18 COMPTROLLER PROHIBITED. (a) In this section, "taxes" includes the  
19 tax and any penalties and interest relating to a tax liability.

20 (b) Unless the restriction or condition is authorized by  
21 this title, a restriction or condition placed on a check or other  
22 money instrument in payment of taxes by the maker that purports to  
23 limit the amount of taxes owed or place a condition on its  
24 acceptance or negotiation is void.

25 SECTION 6. Subchapter B, Chapter 111, Tax Code, is amended  
26 by adding Section 111.0611 to read as follows:

27 Sec. 111.0611. PERSONAL LIABILITY FOR FRAUDULENT TAX

1 EVASION. (a) An officer, manager, or director of a corporation,  
2 association, or limited liability company, a partner of a general  
3 partnership, or a managing general partner of a limited partnership  
4 or limited liability partnership who, as an officer, manager,  
5 director, or partner, took an action or participated in a  
6 fraudulent scheme or fraudulent plan to evade the payment of taxes  
7 due under Title 2 or 3 is personally liable for the taxes and any  
8 penalty and interest due. The personal liability of an individual  
9 includes liability for the additional 50 percent fraud penalty  
10 provided by Section 111.061(b). The comptroller shall assess  
11 individuals liable under this section in the same manner as other  
12 persons or entities may be assessed under this chapter.

13 (b) For purposes of this section, actions that may indicate  
14 the existence of a fraudulent scheme or a fraudulent plan to evade  
15 the payment of taxes include:

16 (1) filing, or causing to be filed, a fraudulent tax  
17 return or report with the comptroller on behalf of the business  
18 entity;

19 (2) intentionally failing to file a tax return,  
20 report, or other required document with the comptroller when the  
21 business entity is under a legal obligation to file;

22 (3) filing, or causing to be filed, a tax return or  
23 report with the comptroller on behalf of the business entity that  
24 contains an intentionally false statement that results in the  
25 amount of the tax due exceeding the amount of tax reported by 25  
26 percent or more; and

27 (4) altering, destroying, or concealing any record,

1 document, or thing, presenting to the comptroller any altered or  
2 fraudulent record, document, or thing, or otherwise engaging in  
3 fraudulent conduct with the intent to affect the course or outcome  
4 of a comptroller audit or investigation, a redetermination hearing,  
5 or another proceeding involving the comptroller.

6 (c) To the extent the comptroller can verify and secure  
7 sufficient unencumbered assets of the corporation, association, or  
8 partnership to satisfy the liability, an individual's personal  
9 liability under Subsection (a) is limited to the amount by which the  
10 total tax, penalty, and interest due under this section exceeds  
11 those assets.

12 SECTION 7. Section 113.106, Tax Code, is amended by adding  
13 Subsections (e) and (f) to read as follows:

14 (e) A person must bring suit to determine the validity of a  
15 state tax lien not later than the 10th anniversary of the date the  
16 lien was filed. If more than one state tax lien has been filed  
17 relating to the same tax liability, the 10-year limitation period  
18 provided by this subsection is calculated from the date of the  
19 filing of the first lien relating to the liability.

20 (f) A taxpayer is presumed to have received proper notice of  
21 the taxpayer's tax liability if the notice is delivered to the  
22 taxpayer's last address of record with the comptroller. The  
23 taxpayer may rebut the presumption by presenting substantive  
24 evidence that demonstrates that notice of the tax liability was not  
25 received. If the taxpayer rebuts the presumption of receipt of  
26 proper notice with evidence the comptroller considers  
27 satisfactory, the period of limitations for filing suit provided by

1 Subsection (e) does not apply.

2 SECTION 8. Subchapter C, Chapter 152, Tax Code, is amended  
3 by adding Section 152.0472 to read as follows:

4 Sec. 152.0472. DETERMINATION OF WHETHER LOAN IS FACTORED,  
5 ASSIGNED, OR TRANSFERRED. (a) A seller is not considered to have  
6 factored, assigned, or transferred a loan under Section 152.047(g)  
7 if:

8 (1) a loan through a seller is pledged as security for  
9 the sale of bonds:

10 (A) to a qualified institutional buyer, as that  
11 term is defined by 17 C.F.R. Section 230.144A, that is not  
12 affiliated to the seller;

13 (B) to an institutional accredited investor, as  
14 that term is defined by 17 C.F.R. Section 230.501(a)(1), (2), (3),  
15 or (7), that is not affiliated to the seller; or

16 (C) in a public offering;

17 (2) the right to receive payments and the risk of loss  
18 on nonpayment remains with the seller or an affiliated collection  
19 entity acting as agent of the seller; and

20 (3) bondholders receive only interest and principal.

21 (b) Notwithstanding Subsection (a), the seller may elect to  
22 pay all unpaid tax imposed under this chapter on the total  
23 consideration. A seller that makes this election is entitled to a  
24 credit or reimbursement for the taxes paid under this chapter on the  
25 remaining unpaid balance of the contract for which the seller has  
26 not received payment or has not otherwise collected the tax due.  
27 The seller shall take the tax credit or reimbursement on the

1 seller's seller-finance return. The tax credit or reimbursement  
2 does not accrue interest.

3 SECTION 9. Section 183.053(b), Tax Code, is amended to read  
4 as follows:

5 (b) The total of bonds, certificates of deposit, letters of  
6 credit, or other security determined to be sufficient by the  
7 comptroller of a permittee subject to the tax imposed by this  
8 chapter shall be in an amount that the comptroller determines to be  
9 sufficient to protect the fiscal interests of the state. The  
10 comptroller may not set the amount of security at less than \$1,000  
11 or more than the greater of \$100,000 or four times the amount of the  
12 permittee's average monthly tax liability [~~\$50,000~~].

13 SECTION 10. (a) Section 151.326(a), Tax Code, is amended to  
14 read as follows:

15 (a) The sale of an article of clothing or footwear designed  
16 to be worn on or about the human body is exempted from the taxes  
17 imposed by this chapter if:

18 (1) the sales price of the article is less than \$100;  
19 and

20 (2) the sale takes place during a period beginning at  
21 12:01 a.m. on the third [~~first~~] Friday in August and ending at 12  
22 midnight on the following Sunday.

23 (b) Subchapter H, Chapter 151, Tax Code, is amended by  
24 adding Section 151.327 to read as follows:

25 Sec. 151.327. SCHOOL BACKPACKS BEFORE START OF SCHOOL. (a)  
26 The sale or storage, use, or other consumption of a school backpack  
27 is exempted from the taxes imposed by this chapter if the backpack



1 is purchased:

2 (1) for use by a student in a public or private  
3 elementary or secondary school;

4 (2) during the period described by Section  
5 151.326(a)(2); and

6 (3) for a sales price of less than \$100.

7 (b) A retailer is not required to obtain an exemption  
8 certificate stating that school backpacks are purchased for use by  
9 students in a public or private elementary or secondary school  
10 unless the backpacks are purchased in a quantity that indicates  
11 that the backpacks are not purchased for use by students in a public  
12 or private elementary or secondary school.

13 SECTION 11. Section 162.104(a), Tax Code, is amended to  
14 read as follows:

15 (a) The tax imposed by this subchapter does not apply to  
16 gasoline:

17 (1) sold to the United States for its exclusive use,  
18 provided that the exemption does not apply with respect to fuel sold  
19 or delivered to a person operating under a contract with the United  
20 States;

21 (2) sold to a public school district in this state for  
22 the district's exclusive use;

23 (3) sold to a commercial transportation company or a  
24 metropolitan rapid transit authority operating under Chapter 451,  
25 Transportation Code, that provides public school transportation  
26 services to a school district under Section 34.008, Education Code,  
27 and that uses the gasoline only to provide those services;

1           (4) exported by either a licensed supplier or a  
2 licensed exporter from this state to any other state, provided  
3 that:

4                   (A) for gasoline in a situation described by  
5 Subsection (d), the bill of lading indicates the destination state  
6 and the supplier collects the destination state tax; or

7                   (B) for gasoline in a situation described by  
8 Subsection (e), the bill of lading indicates the destination state,  
9 the gasoline is subsequently exported, and the exporter is licensed  
10 in the destination state to pay that state's tax and has an  
11 exporter's license issued under this subchapter;

12           (5) moved by truck or railcar between licensed  
13 suppliers or licensed permissive suppliers and in which the  
14 gasoline removed from the first terminal comes to rest in the second  
15 terminal, provided that the removal from the second terminal rack  
16 is subject to the tax imposed by this subchapter;

17           (6) delivered or sold into a storage facility of a  
18 licensed aviation fuel dealer from which gasoline will be delivered  
19 solely into the fuel supply tanks of aircraft or aircraft servicing  
20 equipment, or sold from one licensed aviation fuel dealer to  
21 another licensed aviation fuel dealer who will deliver the aviation  
22 fuel exclusively into the fuel supply tanks of aircraft or aircraft  
23 servicing equipment; or

24           (7) exported to a foreign country if the bill of lading  
25 indicates the foreign destination and the fuel is actually exported  
26 to the foreign country.

27           SECTION 12. Section 162.125(a), Tax Code, is amended to

1 read as follows:

2 (a) A license holder may take a credit on a return for the  
3 period in which the sale occurred if the license holder paid tax on  
4 the purchase of gasoline and subsequently resells the gasoline  
5 without collecting the tax to:

6 (1) the United States government for its exclusive  
7 use, provided that a credit is not allowed for gasoline used by a  
8 person operating under contract with the United States;

9 (2) a public school district in this state for the  
10 district's exclusive use;

11 (3) an exporter licensed under this subchapter if the  
12 seller is a licensed supplier or distributor and the exporter  
13 subsequently exports the gasoline to another state;

14 (4) a licensed aviation fuel dealer if the seller is a  
15 licensed distributor; or

16 (5) a commercial transportation company or a  
17 metropolitan rapid transit authority operating under Chapter 451,  
18 Transportation Code, that provides public school transportation  
19 services to a school district under Section 34.008, Education Code,  
20 and that uses the gasoline exclusively to provide those services.

21 SECTION 13. Subchapter B, Chapter 162, Tax Code, is amended  
22 by adding Section 162.1275 to read as follows:

23 Sec. 162.1275. REFUND FOR CERTAIN METROPOLITAN RAPID  
24 TRANSIT AUTHORITIES. (a) Except as otherwise provided by this  
25 section, a metropolitan rapid transit authority operating under  
26 Chapter 451, Transportation Code, that is a party to a contract  
27 governed by Section 34.008, Education Code, is entitled to a refund

1 of taxes paid under this subchapter for gasoline used to provide  
2 services under the contract and may file a refund claim with the  
3 comptroller for the amount of those taxes.

4 (b) The refund claim under Subsection (a) must contain  
5 information regarding:

6 (1) vehicle mileage;

7 (2) hours of service provided;

8 (3) fuel consumed;

9 (4) the total number of student passengers per route;

10 and

11 (5) the total number of non-student passengers per  
12 route.

13 (c) If in any month of a school year the number of  
14 non-student passengers is greater than five percent of the total  
15 passengers for any single route under a contract governed by  
16 Section 34.008, Education Code, the metropolitan rapid transit  
17 authority is not entitled to a refund of taxes paid under this  
18 subchapter for the route for that month.

19 (d) A metropolitan rapid transit authority that requests a  
20 refund under this section shall maintain all supporting  
21 documentation relating to the refund until the sixth anniversary of  
22 the date of the request.

23 SECTION 14. Section 162.204(a), Tax Code, is amended to  
24 read as follows:

25 (a) The tax imposed by this subchapter does not apply to:

26 (1) diesel fuel sold to the United States for its  
27 exclusive use, provided that the exemption does not apply to diesel

1 fuel sold or delivered to a person operating under a contract with  
2 the United States;

3 (2) diesel fuel sold to a public school district in  
4 this state for the district's exclusive use;

5 (3) diesel fuel sold to a commercial transportation  
6 company or a metropolitan rapid transit authority operating under  
7 Chapter 451, Transportation Code, that provides public school  
8 transportation services to a school district under Section 34.008,  
9 Education Code, and that uses the diesel fuel only to provide those  
10 services;

11 (4) diesel fuel exported by either a licensed supplier  
12 or a licensed exporter from this state to any other state, provided  
13 that:

14 (A) for diesel fuel in a situation described by  
15 Subsection (d), the bill of lading indicates the destination state  
16 and the supplier collects the destination state tax; or

17 (B) for diesel fuel in a situation described by  
18 Subsection (e), the bill of lading indicates the destination state,  
19 the diesel fuel is subsequently exported, and the exporter is  
20 licensed in the destination state to pay that state's tax and has an  
21 exporter's license issued under this subchapter;

22 (5) diesel fuel moved by truck or railcar between  
23 licensed suppliers or licensed permissive suppliers and in which  
24 the diesel fuel removed from the first terminal comes to rest in the  
25 second terminal, provided that the removal from the second terminal  
26 rack is subject to the tax imposed by this subchapter;

27 (6) diesel fuel delivered or sold into a storage

1 facility of a licensed aviation fuel dealer from which the diesel  
2 fuel will be delivered solely into the fuel supply tanks of aircraft  
3 or aircraft servicing equipment, or sold from one licensed aviation  
4 fuel dealer to another licensed aviation fuel dealer who will  
5 deliver the diesel fuel exclusively into the fuel supply tanks of  
6 aircraft or aircraft servicing equipment;

7 (7) diesel fuel exported to a foreign country if the  
8 bill of lading indicates the foreign destination and the fuel is  
9 actually exported to the foreign country;

10 (8) dyed diesel fuel sold or delivered by a supplier to  
11 another supplier and dyed diesel fuel sold or delivered by a  
12 supplier or distributor into the bulk storage facility of a dyed  
13 diesel fuel bonded user or to a purchaser who provides a signed  
14 statement as provided by Section 162.206;

15 (9) the volume of water, fuel ethanol, biodiesel, or  
16 mixtures thereof that are blended together with taxable diesel fuel  
17 when the finished product sold or used is clearly identified on the  
18 retail pump, storage tank, and sales invoice as a combination of  
19 diesel fuel and water, fuel ethanol, biodiesel, or mixtures  
20 thereof;

21 (10) dyed diesel fuel sold by a supplier or permissive  
22 supplier to a distributor, or by a distributor to another  
23 distributor;

24 (11) dyed diesel fuel delivered by a license holder  
25 into the fuel supply tanks of railway engines, motorboats, or  
26 refrigeration units or other stationary equipment powered by a  
27 separate motor from a separate fuel supply tank;

1           (12) dyed kerosene when delivered by a supplier,  
2 distributor, or importer into a storage facility at a retail  
3 business from which all deliveries are exclusively for heating,  
4 cooking, lighting, or similar nonhighway use; or

5           (13) diesel fuel used by a person, other than a  
6 political subdivision, who owns, controls, operates, or manages a  
7 commercial motor vehicle as defined by Section 548.001,  
8 Transportation Code, if the fuel:

9           (A) is delivered exclusively into the fuel supply  
10 tank of the commercial motor vehicle; and

11           (B) is used exclusively to transport passengers  
12 for compensation or hire between points in this state on a fixed  
13 route or schedule.

14           SECTION 15. Section 162.227(a), Tax Code, is amended to  
15 read as follows:

16           (a) A license holder may take a credit on a return for the  
17 period in which the sale occurred if the license holder paid tax on  
18 the purchase of diesel fuel and subsequently resells the diesel  
19 fuel without collecting the tax to:

20           (1) the United States government for its exclusive  
21 use, provided that a credit is not allowed for gasoline used by a  
22 person operating under a contract with the United States;

23           (2) a public school district in this state for the  
24 district's exclusive use;

25           (3) an exporter licensed under this subchapter if the  
26 seller is a licensed supplier or distributor and the exporter  
27 subsequently exports the diesel fuel to another state;

1 (4) a licensed aviation fuel dealer if the seller is a  
2 licensed distributor; or

3 (5) a commercial transportation company or a  
4 metropolitan rapid transit authority operating under Chapter 451,  
5 Transportation Code, that provides public school transportation  
6 services to a school district under Section 34.008, Education Code,  
7 and that uses the diesel fuel exclusively to provide those  
8 services.

9 SECTION 16. Subchapter C, Chapter 162, Tax Code, is amended  
10 by adding Section 162.2275 to read as follows:

11 Sec. 162.2275. REFUND FOR CERTAIN METROPOLITAN RAPID  
12 TRANSIT AUTHORITIES. (a) Except as otherwise provided by this  
13 section, a metropolitan rapid transit authority operating under  
14 Chapter 451, Transportation Code, that is a party to a contract  
15 governed by Section 34.008, Education Code, is entitled to a refund  
16 of taxes paid under this subchapter for diesel fuel used to provide  
17 services under the contract and may file a refund claim with the  
18 comptroller for the amount of those taxes.

19 (b) The refund claim under Subsection (a) must contain  
20 information regarding:

21 (1) vehicle mileage;

22 (2) hours of service provided;

23 (3) fuel consumed;

24 (4) the total number of student passengers per route;

25 and

26 (5) the total number of non-student passengers per  
27 route.



1       (c) If in any month of a school year the number of  
2 non-student passengers is greater than five percent of the total  
3 passengers for any single route under a contract governed by  
4 Section 34.008, Education Code, the metropolitan rapid transit  
5 authority is not entitled to a refund of taxes paid under this  
6 subchapter for the route for that month.

7       (d) A metropolitan rapid transit authority that requests a  
8 refund under this section shall maintain all supporting  
9 documentation relating to the refund until the sixth anniversary of  
10 the date of the request.

11       SECTION 17. Section 162.3021(b), Tax Code, is amended to  
12 read as follows:

13       (b) Subject to Section 162.3022, the [The] tax imposed by  
14 this subchapter does not apply to the sale of liquefied petroleum  
15 gas to a commercial transportation company or a metropolitan rapid  
16 transit authority operating under Chapter 451, Transportation  
17 Code, that uses the gas exclusively to provide public school  
18 transportation services to a school district under Section 34.008,  
19 Education Code, or to the use of liquefied petroleum gas by that  
20 company for that purpose. A motor vehicle that uses liquefied  
21 petroleum gas and that is owned by a commercial transportation  
22 company or a metropolitan rapid transit authority operating under  
23 Chapter 451, Transportation Code, and used exclusively to provide  
24 public school transportation services to a school district under  
25 Section 34.008, Education Code, is not required to have a liquefied  
26 gas tax decal or a special use liquefied gas tax decal.

27       SECTION 18. Subchapter D, Chapter 162, Tax Code, is amended

1 by adding Section 162.3022 to read as follows:

2 Sec. 162.3022. EXCLUSIVE USE FOR CERTAIN METROPOLITAN RAPID  
3 TRANSIT AUTHORITIES. (a) This section applies to a metropolitan  
4 rapid transit authority operating under Chapter 451,  
5 Transportation Code, that is a party to a contract governed by  
6 Section 34.008, Education Code, that is not required under Section  
7 162.3021 to have a liquefied gas tax decal or a special use  
8 liquefied gas tax decal for liquefied gas used to provide services  
9 under the contract.

10 (b) If in any month of a school year the number of  
11 non-student passengers is greater than five percent of the total  
12 passengers for any single route under a contract governed by  
13 Section 34.008, Education Code, the metropolitan rapid transit  
14 authority is liable for the tax under this subchapter in an amount  
15 that is prorated for that month.

16 (c) The metropolitan rapid transit authority shall maintain  
17 the following supporting documentation relating to the services  
18 provided under the contract until the sixth anniversary of the date  
19 of the services provided:

- 20 (1) vehicle mileage;  
21 (2) hours of service provided;  
22 (3) fuel consumed;  
23 (4) the total number of student passengers per route;  
24 and  
25 (5) the total number of non-student passengers per  
26 route.

27 (d) The comptroller may adopt rules to implement this

1 section.

2 SECTION 19. Section 202.061(b), Tax Code, is amended to  
3 read as follows:

4 (b) The taxpayer responsible for the payment of severance  
5 taxes on the production from a marginal well in this state on which  
6 enhanced efficiency equipment is installed and used is entitled to  
7 a credit in an amount equal to 10 percent of the cost of the  
8 equipment, provided that:

9 (1) the cumulative total of all severance tax credits  
10 authorized by this section may not exceed \$1,000 for any marginal  
11 well;

12 (2) the enhanced efficiency equipment installed in a  
13 qualifying marginal well must have been purchased and installed not  
14 earlier than September 1, 2005, or later than September 1, 2013  
15 [~~2009~~];

16 (3) the taxpayer must file an application with the  
17 comptroller for the credit and must demonstrate to the comptroller  
18 that the enhanced efficiency equipment has been purchased and  
19 installed in the marginal well within the period prescribed by  
20 Subdivision (2);

21 (4) the number of applications the comptroller may  
22 approve each state fiscal year may not exceed a number equal to one  
23 percent of the producing marginal wells in this state on September 1  
24 of that state fiscal year, as determined by the comptroller; and

25 (5) the manufacturer of the enhanced efficiency  
26 equipment must obtain an evaluation of the product under Subsection  
27 (a).

1           SECTION 20. The change in law made by this Act does not  
2 affect taxes imposed before the effective date of this Act, and the  
3 law in effect before the effective date of this Act is continued in  
4 effect for purposes of the liability for and collection of those  
5 taxes.

6           SECTION 21. (a) Except as otherwise provided by  
7 Subsections (b) and (c) of this section, this Act takes effect  
8 immediately if this Act receives a vote of two-thirds of all the  
9 members elected to each house, as provided by Section 39, Article  
10 III, Texas Constitution. If this Act does not receive the vote  
11 necessary for immediate effect, this Act takes effect September 1,  
12 2007.

13           (b) Sections 11 through 18 of this Act take effect July 1,  
14 2007, if this Act receives a vote of two-thirds of all the members  
15 elected to each house, as provided by Section 39, Article III, Texas  
16 Constitution. If this Act does not receive the vote necessary for  
17 effect on that date, those sections take effect October 1, 2007.

18           (c) Section 19 of this Act takes effect September 1, 2007.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 3314 was passed by the House on May 9, 2007, by the following vote: Yeas 143, Nays 0, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 3314 on May 25, 2007, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 3314 on May 28, 2007, by the following vote: Yeas 143, Nays 0, 2 present, not voting.

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Chief Clerk of the House

H.B. No. 3314

I certify that H.B. No. 3314 was passed by the Senate, with amendments, on May 23, 2007, by the following vote: Yeas 30, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 3314 on May 27, 2007, by the following vote: Yeas 30, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor