

By: Seliger

S.B. No. 1173

A BILL TO BE ENTITLED

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AN ACT

relating to the tax credit for enhanced efficiency equipment installed on certain wells.

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

SECTION 1. Subsection (b), Section 202.061, Tax Code, is amended to read as follows:

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

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

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

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

(4) the number of applications the comptroller may

1 approve each state fiscal year may not exceed a number equal to one
2 percent of the producing marginal wells in this state on September 1
3 of that state fiscal year, as determined by the comptroller; and

4 (5) the manufacturer of the enhanced efficiency
5 equipment must obtain an evaluation of the product under Subsection
6 (a).

7 SECTION 2. This Act takes effect September 1, 2007.