

1-1 By: Seliger S.B. No. 1173
1-2 (In the Senate - Filed March 6, 2007; March 14, 2007, read
1-3 first time and referred to Committee on Natural Resources;
1-4 April 30, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 11, Nays 0; April 30, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1173 By: Seliger

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the tax credit for enhanced efficiency equipment
1-11 installed on certain wells.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subsection (b), Section 202.061, Tax Code, is
1-14 amended to read as follows:

1-15 (b) The taxpayer responsible for the payment of severance
1-16 taxes on the production from a marginal well in this state on which
1-17 enhanced efficiency equipment is installed and used is entitled to
1-18 a credit in an amount equal to 10 percent of the cost of the
1-19 equipment, provided that:

1-20 (1) the cumulative total of all severance tax credits
1-21 authorized by this section may not exceed \$1,000 for any marginal
1-22 well;

1-23 (2) the enhanced efficiency equipment installed in a
1-24 qualifying marginal well must have been purchased and installed not
1-25 earlier than September 1, 2005, or later than September 1, 2013
1-26 [~~2009~~];

1-27 (3) the taxpayer must file an application with the
1-28 comptroller for the credit and must demonstrate to the comptroller
1-29 that the enhanced efficiency equipment has been purchased and
1-30 installed in the marginal well within the period prescribed by
1-31 Subdivision (2);

1-32 (4) the number of applications the comptroller may
1-33 approve each state fiscal year may not exceed a number equal to one
1-34 percent of the producing marginal wells in this state on September 1
1-35 of that state fiscal year, as determined by the comptroller; and

1-36 (5) the manufacturer of the enhanced efficiency
1-37 equipment must obtain an evaluation of the product under Subsection
1-38 (a).

1-39 SECTION 2. This Act takes effect September 1, 2007.

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