

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 11, 2007

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2810 by Farabee (Relating to natural gas reporting for severance tax purposes.), **As Introduced**

<p>Because the volume of natural gas reported inaccurately is unknown, there will be an unquantifiable, positive revenue gain to the State.</p>
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The bill would amend Sections 201.203 and 201.2035 of the Tax Code to require producers and purchasers to file the thermal (Btu) content of natural gas on the monthly severance tax form reported to the Comptroller of Public Accounts.

Access to the Btu value of the natural gas sold would allow accurate verification of the price paid for the natural gas. The improved data would provide useful information for audit leads. Because the volume of natural gas reported inaccurately is unknown, the fiscal impact would likely be positive but cannot be determined.

The bill would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 455 Railroad Commission

LBB Staff: JOB, SD, CT