

BILL ANALYSIS

C.S.H.B. 4433
By: Rodriguez
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

There is great potential for renewable energy to be produced from underground heat in Texas, and some Texas businesses are already taking advantage of this situation to produce geothermal energy. Under current law, however, producers of geothermal energy are subject to oil and gas severance taxes because oil and natural gas may be incidentally produced during the production of geothermal energy.

C.S.H.B. 4433 provides an incentive for geothermal energy production by exempting oil and natural gas incidentally produced in the production of geothermal energy from oil and gas severance taxes, respectively.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 4433 amends the Tax Code to exempt oil and natural gas incidentally produced in the production of geothermal energy from the oil severance tax and the gas severance tax, respectively.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 4433 differs from the original by referring to natural gas and oil incidentally produced in the production of geothermal energy, rather than to natural gas and oil incidentally produced in association with such production. The substitute adds a saving provision not in the original.