

BILL ANALYSIS

Senate Research Center

C.S.H.B. 4433
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Finance
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

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 amends current law relating to an exemption from oil and gas severance taxes for oil and gas produced in association with the production of geothermal energy.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 201, Tax Code, by adding Section 201.060, as follows:

Sec. 201.060. EXEMPTION OF GAS INCIDENTALLY PRODUCED IN ASSOCIATION WITH THE PRODUCTION OF GEOTHERMAL ENERGY. Provides that gas incidentally produced in association with the production of geothermal energy is not subject to the tax imposed by this chapter.

SECTION 2. Amends Subchapter B, Chapter 202, Tax Code, by adding Section 202.063, as follows:

Sec. 202.063. EXEMPTION OF OIL INCIDENTALLY PRODUCED IN ASSOCIATION WITH THE PRODUCTION OF GEOTHERMAL ENERGY. Provides that oil incidentally produced in association with the production of geothermal energy is not subject to the tax imposed by this chapter.

SECTION 3. Effective date: September 1, 2009.