

## **BILL ANALYSIS**

Senate Research Center  
81R1636 JE-D

S.B. 846  
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Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The State of Texas imposes a severance tax on the production of crude oil within Texas. The Texas Administrative Code currently provides cities, towns, counties, independent school districts, common school districts, public colleges and universities, and political subdivisions of the federal government an exemption from the oil severance tax.

This legislation extends the oil severance tax exemption to private universities as defined by Section 61.003 (Definitions), Education Code. This will put private institutions on a more equitable level with public institutions. The tax money saved could be used for such areas as tuition relief, financial aid, scholarships, endowments, and facilities.

As proposed, S.B. 846 amends current law relating to the exemption of oil and gas royalty interests owned by private institutions of higher education from oil and gas severance taxes.

### **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 201.056, as follows:

Sec. 201.056. EXEMPTION OF PRIVATE OR INDEPENDENT INSTITUTIONS OF HIGHER EDUCATION. (a) Defines "private or independent institution of higher education."

(b) Provides that royalty interests owned by a private or independent institution of higher education are not subject to the tax imposed by this chapter.

SECTION 2. Amends Subchapter B, Chapter 202, Tax Code, by adding Section 202.062, as follows:

Sec. 202.062. EXEMPTION OF PRIVATE OR INDEPENDENT INSTITUTIONS. (a) Defines "private or independent institution of higher education."

(b) Provides that royalty interests owned by a private or independent institution of higher education are not subject to the tax imposed by this chapter.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2009.