

By: Howard of Fort Bend

H.B. No. 3516

A BILL TO BE ENTITLED

AN ACT

relating to the rate and calculation of the franchise tax for certain oil and gas related entities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 171.002, Tax Code, is amended by adding Subsection (c-3) to read as follows:

(c-3) Notwithstanding Subsection (c), a taxable entity is primarily engaged in retail or wholesale trade if the taxable entity is primarily engaged in gathering, transporting, or processing products described by Industry Group 132, 461, or 492 of the Standard Industrial Classification Manual published by the federal Office of Management and Budget.

SECTION 2. Section 171.1012, Tax Code, is amended by adding Subsection (k-2) to read as follows:

(k-2) Notwithstanding Subsection (e)(3) or (i) or any other provision of this section, a taxable entity that owns or operates a pipeline may subtract as a cost of goods sold a cost related to processing, altering, improving, gathering, transporting, or storing oil, gas, natural gas liquids, refined petroleum products, the constituents of oil or gas, oil or gas products, chemicals, or carbon dioxide.

SECTION 3. This Act applies only to a report originally due on or after the effective date of this Act.

SECTION 4. This Act takes effect January 1, 2010.