

By: Rodriguez

H.B. No. 4433

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from the severance tax for certain gas and oil produced.

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

SECTION 1. Section 202.056, Tax Code, is amended by amending Subsections (c) and (d) and adding Subsection (d-1) to read as follows:

(c) If the commission designates a three-year inactive well under this section, it shall issue a certificate designating the well as a three-year inactive well as defined by Subsection (a)(3) of this section. The commission may not designate a three-year inactive well under this section after February 29, 1996. If the commission designates a two-year inactive well under this section, it shall issue a certificate designating the well as a two-year inactive well as defined by Subsection (a)(4) of this section. The commission may not designate a two-year inactive well under this section after February 28, 2020 [~~2010~~].

(d) An application for three-year inactive well certification shall be made during the period of September 1, 1993, through August 31, 1995, to qualify for the tax exemption under this section. An application for two-year inactive well certification shall be made during the period September 1, 1997, through August 31, 2019 [~~2009~~], to qualify for the tax exemption under this section. Hydrocarbons sold after the date of certification are

1 eligible for the tax exemption.

2 (d-1) The comptroller shall certify the first date on which
3 the prices of oil and gas have been at or below the respective
4 prices described by Section 171.1011(s) for three continuous
5 months. The commission may issue a certificate under Subsection
6 (c) only if the application for certification is received by the
7 commission not later than the 90th day after the date the
8 comptroller makes the certification under this subsection.

9 SECTION 2. Subchapter B, Chapter 201, Tax Code, is amended
10 by adding Section 201.060 to read as follows:

11 Sec. 201.060. EXEMPTION FOR GAS INCIDENTALLY PRODUCED IN
12 PRODUCTION OF GEOTHERMAL ENERGY. Gas incidentally produced in the
13 production of geothermal energy is exempt from the severance tax
14 imposed by this chapter.

15 SECTION 3. Subchapter B, Chapter 202, Tax Code, is amended
16 by adding Section 202.062 to read as follows:

17 Sec. 202.062. EXEMPTION FOR OIL INCIDENTALLY PRODUCED IN
18 PRODUCTION OF GEOTHERMAL ENERGY. Oil incidentally produced in the
19 production of geothermal energy is exempt from the severance tax
20 imposed by this chapter.

21 SECTION 4. For purposes of making a certification under
22 Section 202.056(d-1), Tax Code, as added by this Act, the
23 comptroller may not consider the price of oil on dates before
24 October 1, 2009.

25 SECTION 5. Sections 201.060 and 202.062, Tax Code, as added
26 by this Act, apply only to gas or oil produced on or after the
27 effective date of this Act. Gas or oil produced before the

1 effective date of this Act is governed by the law in effect when the
2 gas or oil was produced, and the former law is continued in effect
3 for that purpose.

4 SECTION 6. This Act takes effect September 1, 2009.