

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 26, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1210 by Strama (Relating to the oil production tax rate reduction for oil recovered through certain enhanced oil recovery projects.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 202 of the Tax Code, regarding the oil production tax.

Currently the producer of oil recovered through and Enhanced Oil Recovery Project (EOR) using anthropogenic carbon dioxide qualifies for a reduction in the oil production tax rate from 4.6% to 1.15% for 7 years after the date they first qualify. The bill would extend the period for which a tax reduction can be claimed for qualifying EOR projects from 7 to 30 years. Since the rate reduction already lasts for 7 years, there would be no fiscal impact until 2017 at the earliest. The Comptroller indicates that, currently, no tax rate reductions have been granted for EOR projects.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, KK