

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 4, 2009

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

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

IN RE: HB4433 by Rodriguez (Relating to an exemption from the severance tax for gas and oil incidentally produced in the production of geothermal energy.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Tax Code by adding Sections 201.060 and 202.063 to exempt oil and gas incidentally produced in association with the production of geothermal energy from severance taxes. Oil or gas is considered "incidentally produced" if the amount of oil or gas produced is less than or equal to the amount produced by a marginal oil or gas well.

According to Southern Methodist University's Geothermal Laboratory, although Texas has five major potential geothermal energy production regions associated with oil and gas wells, there are no commercial projects in Texas, and the timeline of any potential operations is unknown at this time.

The bill 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