

**House Bill 4433**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

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 eligible for the tax exemption.

(d-1) The comptroller shall certify the first date on which the prices of oil and gas have been at or below the respective prices described by Section 171.1011(s) for three continuous months. The commission may issue a certificate under Subsection (c) only if the application for

SENATE VERSION

No equivalent provision.

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certification is received by the commission not later than the 90th day after the date the comptroller makes the certification under this subsection.

SECTION 2. Subchapter B, Chapter 201, Tax Code, is amended by adding Section 201.060 to read as follows:  
Sec. 201.060. EXEMPTION **FOR** GAS INCIDENTALLY PRODUCED IN PRODUCTION OF GEOTHERMAL ENERGY.

Gas incidentally produced in the production of geothermal energy is exempt from the severance tax imposed by this chapter.

SECTION 3. Subchapter B, Chapter 202, Tax Code, is amended by adding Section 202.062 to read as follows:  
Sec. 202.062. EXEMPTION **FOR** OIL INCIDENTALLY PRODUCED IN PRODUCTION OF GEOTHERMAL ENERGY.

Oil incidentally produced in the production of geothermal energy is exempt from the severance tax imposed by this chapter.

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

SENATE VERSION

SECTION 1. Subchapter B, Chapter 201, Tax Code, is amended by adding Section 201.060 to read as follows:  
Sec. 201.060. EXEMPTION **OF** GAS INCIDENTALLY PRODUCED IN ASSOCIATION WITH THE PRODUCTION OF GEOTHERMAL ENERGY.

Gas incidentally produced in association with the production of geothermal energy is not subject to the tax imposed by this chapter.

SECTION 2. Subchapter B, Chapter 202, Tax Code, is amended by adding Section 202.063 to read as follows:  
Sec. 202.063. EXEMPTION **OF** OIL INCIDENTALLY PRODUCED IN ASSOCIATION WITH THE PRODUCTION OF GEOTHERMAL ENERGY.

Oil incidentally produced in association with the production of geothermal energy is not subject to the tax imposed by this chapter.

**No equivalent provision.**

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dates before October 1, 2009.

SECTION 5. Sections 201.060 and 202.062, Tax Code, as added by this Act, apply only to gas or oil produced on or after the effective date of this Act. Gas or oil produced before the effective date of this Act is governed by the law in effect when the gas or oil was produced, and the former law is continued in effect for that purpose.

**No equivalent provision.**

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

SECTION 3. Same as House version.