

Amend Amendment No. 1 by Duncan to **SB 1** (Senate committee printing) by adding the following appropriately numbered ARTICLE to the amendment and renumbering subsequent ARTICLES and SECTIONS of the amendment accordingly:

ARTICLE ____ . TEMPORARY EXEMPTION OR TAX REDUCTION FOR CERTAIN
HIGH-COST GAS

SECTION ____ . (a) Section 201.057, Tax Code, is amended by adding Subsection (e-1) to read as follows:

(e-1) Each month, the commission shall certify the average closing price of gas during the previous three months based on various price indices available to producers. The commission shall publish certifications under this subsection in the Texas Register. Notwithstanding any other provision of this section, the commission may not certify that gas is high-cost gas for purposes of this section during any month that the average closing price of gas certified by the commission for the previous three-month period is more than \$6.50 per mcf. If the price is later \$6.50 per mcf or less, any drilling and completion costs incurred during a month when the price exceeds \$6.50 per mcf are excluded from the calculation of the cumulative value of the exemption under Subsection (c).

(e-2) If the commission does not certify the gas as high-cost gas under Subsection (e-1), the comptroller shall determine the additional revenue from the tax imposed under this chapter that is attributable to the gas not being certified. After deducting the amount required by Section 201.403, the comptroller shall deposit that revenue to the credit of the foundation school program. Section 201.404 does not apply to revenue deposited under this subsection.

(b) The Railroad Commission of Texas shall publish the initial certification required by Section 201.057(e-1), Tax Code, as added by this section, not later than September 30, 2011.