

Amend CSSB 1811 (senate committee report) by adding the following appropriately numbered ARTICLE to the bill and renumbering the remaining ARTICLES of the bill appropriately:

ARTICLE \_\_\_\_\_. TAX REDUCTION FOR HIGH-COST GAS

SECTION \_\_\_\_\_.01. Section 201.057(c), Tax Code, is amended to read as follows:

(c) High-cost gas as defined in Subsection (a)(2)(A) produced from a well that is spudded or completed after August 31, 1996, is entitled to a reduction of the tax imposed by this chapter for the first 120 consecutive calendar months beginning on the first day of production, or until the cumulative value of the tax reduction equals 25 [~~50~~] percent of the drilling and completion costs incurred for the well, whichever occurs first. The amount of tax reduction shall be computed by subtracting from the tax rate imposed by Section 201.052 the product of that tax rate times the ratio of drilling and completion costs incurred for the well to twice the median drilling and completion costs for high-cost wells as defined in Subsection (a)(2)(A) spudded or completed during the previous state fiscal year, except that the effective rate of tax may not be reduced below zero.

SECTION \_\_\_\_\_.02. Section 201.057(c), Tax Code, as amended by this article, applies to an application for certification that a well produces or will produce high-cost gas that is pending on or after October 1, 2011.