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13 MAY -6 AM 8:50  
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. \_\_\_\_\_

BY: 

1 Amend C.S.H.B. No. 500 by adding the following appropriately  
2 numbered SECTION to read as follows and renumbering subsequent  
3 SECTIONS accordingly:

4 SECTION \_\_\_\_\_. Section 171.1012, Tax Code, is amended by  
5 adding Subsections (k-2) and (k-3) to read as follows:

6 (k-2) This subsection applies only to a pipeline entity: (1)  
7 that owns or leases and operates the pipeline by which the product  
8 is transported for others and only to that portion of the product to  
9 which the entity does not own title; and (2) that is primarily  
10 engaged in gathering, storing, transporting, or processing crude  
11 oil, including finished petroleum products, natural gas,  
12 condensate, and natural gas liquids, except for a refinery  
13 installation that manufactures finished petroleum products from  
14 crude oil. Notwithstanding Subsection (e)(3) or (i), a pipeline  
15 entity providing services for others related to the product that  
16 the pipeline does not own and to which this subsection applies may  
17 subtract as a cost of goods sold its depreciation, operations, and  
18 maintenance costs allowed by this section related to the services  
19 provided.

20 (k-3) For purposes of Subsection (k-2), "processing" means  
21 the physical or mechanical removal, separation, or treatment of  
22 crude oil, including finished petroleum products, natural gas,  
23 condensate, and natural gas liquids after those materials are  
24 produced from the earth. The term does not include the chemical or  
25 biological transformation of those materials.