

By: Hilderbran

H.B. No. 1475

Substitute the following for H.B. No. 1475:

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C.S.H.B. No. 1475

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the exclusion of certain flow-through payments related  
3 to petroleum and mineral interests in determining total revenue for  
4 purposes of the franchise tax.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 171.1011, Tax Code, is amended by adding  
7 Subsection (g-11) to read as follows:

8 (g-11) A taxable entity that is primarily engaged in the  
9 business of performing landman services shall exclude from its  
10 total revenue, to the extent included under Subsection (c)(1)(A),  
11 (c)(2)(A), or (c)(3), subcontracting payments made by the taxable  
12 entity to nonemployees for the performance of landman services on  
13 behalf of the taxable entity. In this subsection, "landman  
14 services" means:

15 (1) performing title searches for the purpose of  
16 determining ownership of or curing title defects related to oil,  
17 gas, or other related mineral or petroleum interests;

18 (2) negotiating the acquisition or divestiture of  
19 mineral rights for the purpose of the exploration, development, or  
20 production of oil, gas, or other related mineral or petroleum  
21 interests; or

22 (3) negotiating or managing the negotiation of  
23 contracts or other agreements related to the ownership of mineral  
24 interests for the exploration, exploitation, disposition,

1 development, or production of oil, gas, or other related mineral or  
2 petroleum interests.

3 SECTION 2. This Act applies only to a report originally due  
4 on or after the effective date of this Act.

5 SECTION 3. This Act takes effect January 1, 2014.