

By: Geren

H.B. No. 2251

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the inclusion by taxable entities and combined groups
3 that conduct certain oil and gas activities of certain costs in the
4 cost of goods sold for purposes of the franchise tax.

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

6 SECTION 1. Section 171.1012, Tax Code, is amended by adding
7 Subsection (k-2) to read as follows:

8 (k-2) This subsection applies only to a taxable entity that
9 is primarily engaged in gathering, storing, transporting, or
10 processing products described by Industry Group 132, 461, 492, or
11 517 of the 1987 Standard Industrial Classification Manual published
12 by the federal Office of Management and Budget, except for a
13 refinery installation that manufactures finished petroleum
14 products from crude oil. Notwithstanding Subsection (e)(3) or (i)
15 or any other provision of this section, a taxable entity to which
16 this subsection applies may subtract as a cost of goods sold its
17 depreciation costs, its operation and maintenance costs, and
18 interest on its debt. If a taxable entity to which this subsection
19 applies is a member of a combined group that has elected under
20 Section 171.1014(d) to subtract cost of goods sold, the combined
21 group may elect to compute its costs of goods sold for purposes of
22 Section 171.1014(e) by adding together the depreciation costs and
23 operation and maintenance costs of each member.

24 SECTION 2. This Act applies only to a report originally due

1 on or after the effective date of this Act.

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