

By: Geren

H.B. No. 3305

A BILL TO BE ENTITLED

AN ACT

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

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

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

(k-2) This subsection applies only to a taxable entity that is primarily engaged in gathering, storing, transporting, or processing products described by Industry Group 132, 461, 492, or 517 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget, except for a refinery installation that manufactures finished petroleum products from crude oil. Notwithstanding Subsection (e)(3) or (i) or any other provision of this section, a taxable entity to which this subsection applies may subtract as a cost of goods sold its depreciation costs, its operation and maintenance costs, and any other allowable cost under this section, subject also to the limitations of this section. If a taxable entity to which this subsection applies is a member of a combined group that has elected under Section 171.1014(d) to subtract cost of goods sold, the combined group may elect to compute its costs of goods sold for purposes of Section 171.1014(e) including depreciation, operations, and maintenance costs of each qualifying entity as a

1 cost of goods sold.

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

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