

Amend **CSHB 1818** (house committee report) as follows:

(1) On page 3, line 27, strike "fees" and substitute "taxes [~~fees~~]".

(2) On page 4, strike "fees" and substitute "taxes [~~fees~~]" in the following places:

- (A) line 6;
- (B) line 9;
- (C) line 11;
- (D) line 13;
- (E) line 15;
- (F) line 17;
- (G) line 18;
- (H) line 19;
- (I) line 20;
- (J) line 22;
- (K) line 23; and
- (L) line 26.

(3) On page 4, line 27, between "(24)" and "[~~money~~", insert "taxes".

(4) On page 5, line 2, strike "[~~(25)~~] fees" and substitute "[~~(25)~~ fees]".

(5) On page 5, line 4, strike "(25) [~~and (26)~~] fees" and substitute "(25) taxes [~~and (26) fees~~]".

(6) On page 5, strike "fees" and substitute "taxes" in the following places:

- (A) line 6;
- (B) line 11;
- (C) line 14;
- (D) line 16;
- (E) line 18; and
- (F) line 25.

(7) On page 5, line 9, strike "FEES" and substitute "TAXES".

(8) On page 5, line 26, strike "fee" and substitute "tax".

(9) On page 6, strike "fees" and substitute "taxes" in the following places:

- (A) line 1;

- (B) line 3;
- (C) line 4;
- (D) line 15; and
- (E) line 16.

(10) On page 6, lines 12 and 17, strike "fee" and substitute "tax".

(11) Add the following appropriately numbered SECTIONS to the bill and renumber subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 81.0521, Natural Resources Code, is amended to read as follows:

Sec. 81.0521. TAX [~~FEF~~] FOR APPLICATION FOR EXCEPTION TO RAILROAD COMMISSION RULE. (a) With each application for an exception to any commission rule contained in Chapter 3 of Part I of Title 16 of the Texas Administrative Code, the applicant shall submit to the commission a tax [~~fee~~] of \$150.

(b) The application tax [~~fee~~] for an exception to any commission rule may not be refunded.

(c) The proceeds from this tax [~~fee~~], excluding any penalties collected in connection with the tax [~~fee~~], shall be deposited to the oil and gas regulation and cleanup fund as provided by Section 81.067.

SECTION _____. Section 81.056(g), Natural Resources Code, is amended to read as follows:

(g) The commission may use money in the oil-field cleanup fund to implement this section. The amount of money in the fund the commission may use for that purpose may not exceed the amount of money in the fund that is derived from taxes [~~fees~~] collected under Section 91.142 from common carriers or owners or operators of pipelines as determined annually by the commission.

SECTION _____. Section 81.067(b), Natural Resources Code, is amended to read as follows:

(b) The commission shall certify to the comptroller the date on which the balance in the fund equals or exceeds \$30 million. The oil-field cleanup regulatory tax [~~fees~~] on oil and gas shall not be collected or required to be paid on or after the first day of the second month following the certification, except that the comptroller shall resume collecting the tax [~~fees~~] on receipt of a

commission certification that the fund has fallen below \$25 million. The comptroller shall continue collecting the tax [~~fees~~] until collections are again suspended in the manner provided by this subsection.

SECTION _____. The heading to Section 81.070, Natural Resources Code, is amended to read as follows:

Sec. 81.070. ESTABLISHMENT OF SURCHARGES ON TAXES [~~FEES~~].

SECTION _____. Sections 81.070(a), (b), (d), and (f), Natural Resources Code, are amended to read as follows:

(a) Except as provided by Subsection (b), the commission by rule shall provide for the imposition of reasonable surcharges as necessary on taxes [~~fees~~] imposed by the commission that are required to be deposited to the credit of the oil and gas regulation and cleanup fund as provided by Section 81.067 in amounts sufficient to enable the commission to recover the costs of performing the functions specified by Section 81.068 from those taxes [~~fees~~] and surcharges.

(b) The commission may not impose a surcharge on an oil-field cleanup regulatory tax [~~fee~~] on oil collected under Section 81.116 or an oil-field cleanup regulatory tax [~~fee~~] on gas collected under Section 81.117.

(d) The commission shall collect a surcharge on a tax [~~fee~~] at the time the tax [~~fee~~] is collected.

(f) A surcharge collected under this section shall not exceed an amount equal to 185 percent of the tax [~~fee~~] on which it is imposed.

SECTION _____. The heading to Subchapter E, Chapter 81, Natural Resources Code, is amended to read as follows:

SUBCHAPTER E. TAXES [~~FEES~~]

SECTION _____. Section 81.116, Natural Resources Code, is amended to read as follows:

Sec. 81.116. OIL-FIELD CLEANUP REGULATORY TAX [~~FEES~~] ON OIL.

(a) An oil-field cleanup regulatory tax [~~fee~~] is imposed on crude petroleum produced in this state in the amount of five-eighths of one cent on each barrel of 42 standard gallons.

(b) The oil-field cleanup regulatory tax [~~fee~~] is in addition to, and independent of any liability for, the tax imposed

under Chapter 202, Tax Code.

(c) Except as provided by Subsection (d) of this section, Chapter 202, Tax Code, applies to the administration and collection of the oil-field cleanup regulatory tax [~~fee~~], and the penalties provided by that chapter apply to any person who fails to pay or report the oil-field cleanup regulatory tax [~~fee~~].

(d) The comptroller shall suspend collection of the tax [~~fee~~] in the manner provided by Section 81.067. The exemptions and reductions set out in Sections 202.052, 202.054, 202.056, 202.057, 202.059, and 202.060, Tax Code, do not affect the tax [~~fee~~] imposed by this section.

(e) Proceeds from the tax [~~fee~~], excluding any penalties collected in connection with the tax [~~fee~~], shall be deposited to the oil and gas regulation and cleanup fund as provided by Section 81.067.

SECTION _____. Section 81.117, Natural Resources Code, is amended to read as follows:

Sec. 81.117. OIL-FIELD CLEANUP REGULATORY TAX [~~FEES~~] ON GAS.

(a) An oil-field cleanup regulatory tax [~~fee~~] is imposed on gas initially produced and saved in this state in the amount of one-fifteenth of one cent for each thousand cubic feet.

(b) The oil-field cleanup regulatory tax [~~fee~~] is in addition to, and independent of any liability for, the tax imposed under Section 201.052, Tax Code.

(c) Except as provided by Subsection (d), the administration, collection, and enforcement of the oil-field cleanup regulatory tax [~~fee~~] is the same as for the tax imposed under Section 201.052, Tax Code.

(d) The comptroller shall suspend collection of the tax [~~fee~~] in the manner provided by Section 81.067. The exemptions and reductions set out in Sections 201.053, 201.057, 201.058, and 202.060, Tax Code, do not affect the tax [~~fee~~] imposed by this section.

(e) Proceeds from the tax [~~fee~~], excluding any penalties collected in connection with the tax [~~fee~~], shall be deposited to the oil and gas regulation and cleanup fund as provided by Section 81.067.

SECTION _____. Section 85.2021, Natural Resources Code, is amended to read as follows:

Sec. 85.2021. DRILLING PERMIT TAX [~~FE~~]. (a) With each application or materially amended application for a permit to drill, deepen, plug back, or reenter a well, the applicant shall submit to the commission a nonrefundable tax [~~fee~~] of:

(1) \$200 if the total depth of the well is 2,000 feet or less;

(2) \$225 if the total depth of the well is greater than 2,000 feet but less than or equal to 4,000 feet;

(3) \$250 if the total depth of the well is greater than 4,000 feet but less than or equal to 9,000 feet;

(4) \$300 if the total depth of the well is greater than 9,000 feet.

(b) An applicant shall submit an additional nonrefundable tax [~~fee~~] of \$200 when a Rule 37 spacing or a Rule 38 density exception review is requested.

(c) An applicant shall submit an additional nonrefundable tax [~~fee~~] of \$150 when requesting that the commission expedite the application for a permit to drill, deepen, plug back, or reenter a well.

(d) All taxes [~~fees~~] collected under this section shall be deposited in the oil and gas regulation and cleanup fund.

SECTION _____. Section 89.024(d), Natural Resources Code, is amended to read as follows:

(d) An operator who files an abeyance of plugging report must pay an annual tax [~~fee~~] of \$100 for each well covered by the report. A tax [~~fee~~] collected under this section shall be deposited in the oil and gas regulation and cleanup fund.

SECTION _____. Section 89.026(d), Natural Resources Code, is amended to read as follows:

(d) An operator who files documentation described by Subsection (a) must pay an annual tax [~~fee~~] of \$50 for each well covered by the documentation. A tax [~~fee~~] collected under this section shall be deposited in the oil and gas regulation and cleanup fund.

SECTION _____. Section 89.047(h), Natural Resources Code,

is amended to read as follows:

(h) A person who is designated as the operator of an orphaned well on or after January 1, 2006, and not later than December 31, 2007, is entitled to receive:

(1) a nontransferable exemption from severance taxes for all future production from the well as provided by Section 202.060, Tax Code;

(2) a nontransferable exemption from the taxes [~~fees~~] provided by Sections 81.116 and 81.117 for all future production from the well; and

(3) a payment from the commission in an amount equal to the depth of the well multiplied by 50 cents for each foot of well depth if, not later than the third anniversary of the date the commission designates the person as the operator of the well, the person brings the well back into continuous active operation or plugs the well in accordance with commission rules.

SECTION _____. The heading to Section 89.088, Natural Resources Code, is amended to read as follows:

Sec. 89.088. RECORD OF REQUEST FOR NOTICE BY LIENHOLDER OR NONOPERATOR; FORM; TAX [~~FEES~~].

SECTION _____. Section 89.088(c), Natural Resources Code, is amended to read as follows:

(c) The commission may charge a filing tax [~~fee~~] for a request for notice not to exceed \$10 for each lease covered by the request.

SECTION _____. Sections 91.0115(b), (c), and (d), Natural Resources Code, are amended to read as follows:

(b) The commission may charge a tax [~~fee~~] in an amount to be determined by the commission for a letter of determination.

(c) The commission shall charge a tax [~~fee~~] not to exceed \$75, in addition to the tax [~~fee~~] required by Subsection (b), for processing a request to expedite a letter of determination.

(d) The taxes [~~fees~~] collected under this section shall be deposited in the oil and gas regulation and cleanup fund.

SECTION _____. Section 91.1013, Natural Resources Code, is amended to read as follows:

Sec. 91.1013. APPLICATION TAXES [~~FEES~~]. (a) With each

application for a fluid injection well permit, the applicant shall submit to the commission a nonrefundable tax [~~fee~~] of \$200. In this section, "fluid injection well" means any well used to inject fluid or gas into the ground in connection with the exploration or production of oil or gas other than an oil and gas waste disposal well regulated by the commission pursuant to Chapter 27, Water Code.

(b) With each application for a permit to discharge to surface water under this chapter and commission rules, other than a permit for a discharge that meets National Pollutant Discharge Elimination System requirements for agricultural or wildlife use, the applicant shall submit to the commission a nonrefundable tax [~~fee~~] of \$300.

(c) Taxes [~~Fees~~] collected under this section shall be deposited in the oil and gas regulation and cleanup fund.

SECTION _____. Section 91.114(g), Natural Resources Code, is amended to read as follows:

(g) A tax or fee tendered in connection with a report or application that is rejected under this section is nonrefundable.

SECTION _____. Section 91.142(g), Natural Resources Code, is amended to read as follows:

(g) An organization report filed under this section must be accompanied by the following tax [~~fee~~]:

- (1) for an operator of not more than 25 wells, \$300;
- (2) for an operator of more than 25 but not more than 100 wells, \$500;
- (3) for an operator of more than 100 wells, \$1,000;
- (4) for an operator of one or more natural gas pipelines as classified by the commission, \$225;
- (5) for an operator of one or more service activities or facilities who does not operate any wells, an amount determined by the commission but not less than \$300 or more than \$500;
- (6) for an operator of one or more liquids pipelines as classified by the commission who does not operate any wells, an amount determined by the commission but not less than \$425 or more than \$625;
- (7) for an operator of one or more service activities

or facilities, including liquids pipelines as classified by the commission, who also operates one or more wells, an amount determined by the commission based on the sum of the amounts provided by the applicable subdivisions of this subsection but not less than \$425 or more than \$1,125; and

(8) for an entity not currently performing operations under the jurisdiction of the commission, \$300.

SECTION _____. The heading to Section 91.605, Natural Resources Code, is amended to read as follows:

Sec. 91.605. HAZARDOUS OIL AND GAS WASTE GENERATION TAX [~~FE~~].

SECTION _____. Sections 91.605(a), (b), (c), and (e), Natural Resources Code, are amended to read as follows:

(a) An annual tax [~~fee~~] is imposed on each operator who generates hazardous oil and gas waste.

(b) The commission by rule shall set the tax [~~fee~~], which must:

(1) be based on the volume of hazardous oil and gas waste generated by the operator; and

(2) be reasonably related to the costs of implementing this subchapter and enforcing the rules, orders, and permits adopted or issued by the commission under this subchapter.

(c) The commission by rule shall also prescribe the procedures by which an operator must account for the volume of hazardous oil and gas waste generated and pay the tax [~~fee~~].

(e) The taxes [~~fees~~] collected under this section shall be deposited in the oil and gas regulation and cleanup fund.

SECTION _____. Sections 91.654(a), (b), and (e), Natural Resources Code, are amended to read as follows:

(a) A person who desires to participate in the voluntary cleanup program under this subchapter must submit to the commission an application and an application tax [~~fee~~] as prescribed by this section.

(b) An application submitted under this section must:

(1) be on a form provided by the commission;

(2) contain:

(A) general information concerning:

(i) the person and the person's capability, including the person's financial capability, to perform the voluntary cleanup;

(ii) the site; and

(iii) the name, address, and telephone number of all surface and mineral owners;

(B) other background information requested by the commission;

(C) an environmental assessment of the actual or threatened release of the contaminant at the site; and

(D) if the person applying is not the surface owner, written authorization from the surface owner agreeing to the applicant's participation in the program;

(3) be accompanied by an application tax [~~fee~~] of \$1,000; and

(4) be submitted according to schedules set by the commission.

(e) Taxes [~~Fees~~] collected under this section shall be deposited to the credit of the oil and gas regulation and cleanup fund under Section 81.067.

SECTION _____. Sections 91.655(b) and (c), Natural Resources Code, are amended to read as follows:

(b) If an application is rejected because it is incomplete or inaccurate, the commission, not later than the 45th day after receipt of the application, shall provide the person with a list of all information needed to make the application complete or accurate. A person may resubmit an application once without submitting an additional application tax [~~fee~~] if the person resubmits the application not later than the 45th day after the date the commission issues notice that the application has been rejected.

(c) If the commission rejects the application, the commission shall:

(1) notify the person that the application has been rejected;

(2) explain the reasons for rejection of the application; and

(3) inform the person that the commission will refund half the person's application tax [~~fee~~] unless the person indicates a desire to resubmit the application.

SECTION _____. Sections 91.656(b) and (d), Natural Resources Code, are amended to read as follows:

(b) A voluntary cleanup agreement must provide for:

(1) recovery by the commission of all reasonable costs:

(A) incurred by the commission in review and oversight of the person's work plan and reports and as a result of the commission's field activities;

(B) attributable to the voluntary cleanup agreement; and

(C) in excess of the amount of taxes [~~fees~~] submitted by the applicant under Section 91.654;

(2) a schedule of payments to the commission to be made by the person for recovery of all commission costs fairly attributable to the voluntary cleanup program, including direct and indirect costs of overhead, salaries, equipment, and utilities, and legal, management, and support costs; and

(3) appropriate tasks, deliverables, and schedules.

(d) If an agreement is not reached between a person desiring to participate in the voluntary cleanup program and the commission on or before the 30th day after good faith negotiations have begun:

(1) the person or the commission may withdraw from the negotiations; and

(2) the commission retains the person's application tax [~~fee~~].

SECTION _____. Section 91.706(b), Natural Resources Code, is amended to read as follows:

(b) If an operator uses or reports use of a well for production, injection, or disposal for which the operator's certificate of compliance has been cancelled, the commission may refuse to renew the operator's organization report required by Section 91.142 until the operator pays the tax [~~fee~~] required by Section 91.707 and the commission issues the certificate of compliance required for that well.

SECTION _____. Section 91.707, Natural Resources Code, is amended to read as follows:

Sec. 91.707. TAX [~~FEF~~] FOR REISSUED CERTIFICATE. (a) If a certificate of compliance for a well has been canceled for one or more violations of provisions of this title, Section 26.131, Water Code, or Subchapter C, Chapter 27, Water Code, rules adopted or orders issued under that title, section, or subchapter, as applicable, or licenses, permits, or certificates issued to the owner or operator of the well under that title, section, or subchapter, as applicable, the commission may not issue a new certificate of compliance until the owner or operator submits to the commission a nonrefundable tax [~~fee~~] of \$300 for each severance or seal order issued for the well.

(b) Taxes [~~Fees~~] collected under this section shall be deposited to the oil and gas regulation and cleanup fund.

SECTION _____. The heading to Section 121.211, Utilities Code, is amended to read as follows:

Sec. 121.211. PIPELINE SAFETY AND REGULATORY TAXES [~~FEES~~].

SECTION _____. Sections 121.211(a), (b), (c), (d), (e), and (h), Utilities Code, are amended to read as follows:

(a) The railroad commission by rule may adopt a tax [~~fee~~] to be assessed annually against operators of natural gas distribution pipelines and their pipeline facilities and natural gas master metered pipelines and their pipeline facilities subject to this title.

(b) The railroad commission by rule shall establish the method by which the tax [~~fee~~] will be calculated and assessed. In adopting a tax [~~fee~~] structure, the railroad commission may consider any factors necessary to provide for the equitable allocation among operators of the costs of administering the railroad commission's pipeline safety and regulatory program under this title.

(c) The total amount of taxes [~~fees~~] estimated to be collected under rules adopted by the railroad commission under this section may not exceed the amount estimated by the railroad commission to be necessary to recover the costs of administering the railroad commission's pipeline safety and regulatory program

under this title, excluding costs that are fully funded by federal sources.

(d) The commission may assess each operator of a natural gas distribution system subject to this title an annual tax [~~fee~~] not to exceed one dollar for each service line reported by the system on the Distribution Annual Report, Form RSPA F7100.1-1, due on March 15 of each year. The tax [~~fee~~] is due March 15 of each year.

(e) The railroad commission may assess each operator of a natural gas master metered system subject to this title an annual tax [~~fee~~] not to exceed \$100 for each master metered system. The tax [~~fee~~] is due June 30 of each year.

(h) A tax [~~fee~~] collected under this section shall be deposited to the credit of the oil and gas regulation and cleanup fund as provided by Section 81.067, Natural Resources Code.

SECTION _____. Section 27.0321, Water Code, is amended to read as follows:

Sec. 27.0321. APPLICATION TAX [~~FEES~~]. (a) With each application for an oil and gas waste disposal well permit, the applicant shall submit to the railroad commission a nonrefundable tax [~~fee~~] of \$100.

(b) The tax [~~fee~~] collected under this section shall be deposited to the credit of the oil and gas regulation and cleanup fund as provided by Section 81.067, Natural Resources Code.

SECTION _____. Section 29.015, Water Code, is amended to read as follows:

Sec. 29.015. APPLICATION TAX [~~FEES~~]. With each application for issuance, renewal, or material amendment of a permit, the applicant shall submit to the railroad commission a nonrefundable tax [~~fee~~] of \$100. Taxes [~~Fees~~] collected under this section shall be deposited in the oil and gas regulation and cleanup fund.