

## **BILL ANALYSIS**

C.S.H.B. 4231  
By: White  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties suggest that counties are not currently receiving their fair share of revenue from the oil and gas production tax. C.S.H.B. 4231 seeks to address this issue by allocating a portion of oil and gas production tax revenue to the counties from which the oil and gas originated.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 4231 amends the Tax Code to require the comptroller of public accounts to deposit two percent of the revenue collected from the oil production tax and two percent of the revenue collected from the gas production tax to the credit of a trust fund outside the state treasury held with the comptroller in trust. The bill reduces the amount of oil and gas production tax revenue allocated to the general revenue fund after a certain deduction from three-fourths of the revenue to the remainder of the revenue following the allocation to the trust fund and the 25 percent allocation to the credit of the foundation school fund. The bill requires the comptroller to administer the trust fund as trustee on behalf of each county in Texas and to send to the county treasurer payable to the county the county's share of the revenue in the trust fund, which is equal to the amount of revenue in the trust fund that is attributable to gas production and oil production in that county. The bill requires the comptroller to remit to a county the county's share of the revenue in the trust fund not later than the 90th day after the last day of the calendar month during which the revenue was deposited in the trust fund and authorizes a county to use money so received only to supplement construction and maintenance of county roads and bridges that are impacted by oil and gas exploration and production activities.

### **EFFECTIVE DATE**

September 1, 2019.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 4231 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 201.404, Tax Code, is amended to read as follows:

Sec. 201.404. ALLOCATION OF REVENUE. After deducting the amount required to be deposited by Section 201.403 [~~of this code~~], the comptroller shall deposit [~~one-fourth of~~] the revenue collected from the tax imposed by this chapter as follows:

- (1) 25 percent to the credit of the foundation school fund;
- (2) 2.5 percent to the credit of the trust fund created under Section 205.001, to be disbursed to counties for the purposes and in the manner provided by that section; and
- (3) the remainder [~~three-fourths~~] to the general revenue fund.

SECTION 2. Section 202.353, Tax Code, is amended to read as follows:

Sec. 202.353. ALLOCATION OF REVENUE. After deducting the amount required to be deposited by Section 202.352 [~~of this code~~], the comptroller shall deposit [~~one-fourth of~~] the revenue collected from the tax imposed by this chapter as follows:

- (1) 25 percent to the credit of the foundation school fund;
- (2) 2.5 percent to the credit of the trust fund created under Section 205.001, to be disbursed to counties for the purposes and in the manner provided by that section; and
- (3) the remainder [~~three-fourths~~] to the general revenue fund.

SECTION 3. Subtitle I, Title 2, Tax Code, is amended by adding Chapter 205 to read as follows:

CHAPTER 205. SEVERANCE TAX TRUST FUND

Sec. 205.001. TRUST FUND FOR REVENUE FROM SEVERANCE TAXES FOR COUNTIES. (a) The comptroller shall deposit the following in a trust fund outside the state treasury to be held with the comptroller in trust:

- (1) the revenue collected from the gas production tax as specified by Section 201.404(2); and
  - (2) the revenue collected from the oil production tax as specified by Section 202.353(2).
- (b) The comptroller shall:

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 201.404, Tax Code, is amended to read as follows:

Sec. 201.404. ALLOCATION OF REVENUE. After deducting the amount required to be deposited by Section 201.403 [~~of this code~~], the comptroller shall deposit [~~one-fourth of~~] the revenue collected from the tax imposed by this chapter as follows:

- (1) 25 percent to the credit of the foundation school fund;
- (2) two percent to the credit of the trust fund created under Section 205.001, to be disbursed to counties for the purposes and in the manner provided by that section; and
- (3) the remainder [~~three-fourths~~] to the general revenue fund.

SECTION 2. Section 202.353, Tax Code, is amended to read as follows:

Sec. 202.353. ALLOCATION OF REVENUE. After deducting the amount required to be deposited by Section 202.352 [~~of this code~~], the comptroller shall deposit [~~one-fourth of~~] the revenue collected from the tax imposed by this chapter as follows:

- (1) 25 percent to the credit of the foundation school fund;
- (2) two percent to the credit of the trust fund created under Section 205.001, to be disbursed to counties for the purposes and in the manner provided by that section; and
- (3) the remainder [~~three-fourths~~] to the general revenue fund.

SECTION 3. Subtitle I, Title 2, Tax Code, is amended by adding Chapter 205 to read as follows:

CHAPTER 205. SEVERANCE TAX TRUST FUND

Sec. 205.001. TRUST FUND FOR REVENUE FROM SEVERANCE TAXES FOR COUNTIES. (a) The comptroller shall deposit the following in a trust fund outside the state treasury to be held with the comptroller in trust:

- (1) the revenue collected from the gas production tax as specified by Section 201.404(2); and
  - (2) the revenue collected from the oil production tax as specified by Section 202.353(2).
- (b) The comptroller shall:

(1) administer the fund as trustee on behalf of each county in this state; and  
(2) send to the county treasurer payable to the county the county's share of the revenue in the trust fund as provided by this section.  
(c) Each county's share of the revenue in the trust fund is equal to the amount of revenue in the trust fund that is attributable to gas production and oil production in that county.  
(d) The comptroller shall remit to a county the county's share of the revenue in the trust fund not later than the 90th day after the last day of the calendar month during which the revenue was deposited in the trust fund.  
(e) A county may use money received under this section for building and maintenance of infrastructure in the county or may deposit the money in the county treasury.

SECTION 4. The changes in law made by this Act apply only to tax revenue collected under Chapters 201 and 202, Tax Code, from oil and gas produced on or after the effective date of this Act. Tax revenue collected under Chapters 201 and 202, Tax Code, from oil and gas produced before that date is governed by the law in effect at the time the oil and gas was produced, and that law is continued in effect for that purpose.

SECTION 5. This Act takes effect September 1, 2017.

(1) administer the fund as trustee on behalf of each county in this state; and  
(2) send to the county treasurer payable to the county the county's share of the revenue in the trust fund as provided by this section.  
(c) Each county's share of the revenue in the trust fund is equal to the amount of revenue in the trust fund that is attributable to gas production and oil production in that county.  
(d) The comptroller shall remit to a county the county's share of the revenue in the trust fund not later than the 90th day after the last day of the calendar month during which the revenue was deposited in the trust fund.  
(e) A county may use money received under this section only to supplement construction and maintenance of county roads and bridges that are impacted by oil and gas exploration and production activities.

SECTION 4. Same as introduced version.

SECTION 5. This Act takes effect September 1, 2019.