

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 24, 2017**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB2277** by Darby (relating to the temporary exemption or tax reduction for certain high-cost gas.), **Committee Report 1st House, Substituted**

**No fiscal implication to the State is anticipated.**

The bill would amend Section 201.057 of the Tax Code, regarding the tax reduction for certain high-cost natural gas.

The bill would allow the Comptroller to make the determination of the median drilling and completion cost for use in calculating the reduced high-cost natural gas tax rate at a date of the Comptroller's determination. Amendments to the drilling and completions cost report would not be allowed after March 1 of the year following the fiscal year in which the original application was made.

The bill would clarify the current practice of providing applicable refunds for high-cost natural gas wells. The bill would remove references to expired tax exemptions.

Because the bill would be codifying current policies and procedures as they pertain to the tax reduction for certain high-cost natural gas wells there would be no fiscal impact to the state.

The bill would take effect September 1, 2017.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD