

By: González of Dallas

H.B. No. 3275

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the repeal of the exemption from the severance tax for
3 flared or vented gas.

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

5 SECTION 1. Section 201.052(a), Tax Code, is amended to read
6 as follows:

7 (a) The tax imposed by this chapter is at the rate of 7.5
8 percent of the market value of gas produced [~~and saved~~] in this
9 state by the producer.

10 SECTION 2. Section 201.053, Tax Code, is amended to read as
11 follows:

12 Sec. 201.053. GAS NOT TAXED. The tax imposed by this
13 chapter does not apply to gas:

14 (1) injected into the earth in this state, unless sold
15 for that purpose;

16 (2) [~~produced from oil wells with oil and lawfully~~
17 ~~vented or flared,~~

18 [~~(3)~~] used for lifting oil, unless sold for that
19 purpose; or

20 (3) [(4)] produced in this state from a well that
21 qualifies under Section 202.056 or 202.060.

22 SECTION 3. Section 201.059(a)(3), Tax Code, is amended to
23 read as follows:

24 (3) "Qualifying low-producing well" means a gas well

1 whose production during a three-month period is no more than 90 mcf
2 per day[, ~~excluding gas flared pursuant to the rules of the~~
3 ~~commission~~]. For purposes of qualifying a gas well, production per
4 well per day is determined by computing the average daily
5 production from the well using the monthly well production report
6 made to the commission.

7 SECTION 4. Sections 201.059(c), (d), and (e), Tax Code, are
8 amended to read as follows:

9 (c) An operator of a qualifying low-producing well is
10 entitled to a 25 percent credit on the tax otherwise due on gas
11 produced [~~and saved~~] from that well during a month if the average
12 taxable price of gas certified by the comptroller under Subsection
13 (b) for the previous three-month period is more than \$3 per mcf but
14 not more than \$3.50 per mcf.

15 (d) An operator of a qualifying low-producing well is
16 entitled to a 50 percent credit on the tax otherwise due on gas
17 produced [~~and saved~~] from that well during a month if the average
18 taxable price of gas certified by the comptroller under Subsection
19 (b) for the previous three-month period is more than \$2.50 per mcf
20 but not more than \$3 per mcf.

21 (e) An operator of a qualifying low-producing well is
22 entitled to a 100 percent credit on the tax otherwise due on gas
23 produced [~~and saved~~] from that well during a month if the average
24 taxable price of gas certified by the comptroller under Subsection
25 (b) for the previous three-month period is not more than \$2.50 per
26 mcf.

27 SECTION 5. Section 201.201, Tax Code, is amended to read as

1 follows:

2 Sec. 201.201. TAX DUE. The tax imposed by this chapter for
3 gas produced [~~and saved~~] is due at the office of the comptroller in
4 Austin on the 20th day of the second month following the month of
5 production.

6 SECTION 6. The change in law made by this Act does not
7 affect tax liability accruing before the effective date of this
8 Act. That liability continues in effect as if this Act had not been
9 enacted, and the former law is continued in effect for the
10 collection of taxes due and for civil and criminal enforcement of
11 the liability for those taxes.

12 SECTION 7. This Act takes effect September 1, 2019.